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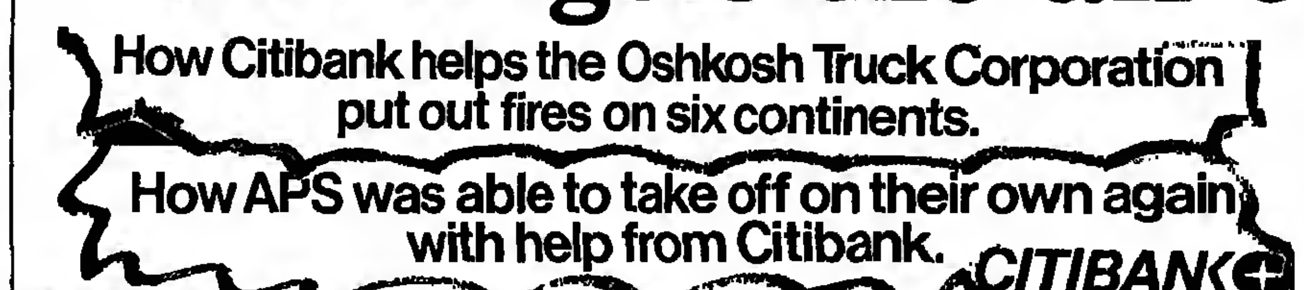
NATIONAL BUSINESS REVIEW

Inside

Citibank gets the all-clear



The world's "mother's helper"...Citibank's corporate advertising

by Allan Parker

CITIBANK, the world's largest private banking organisation last year, has been given official approval to operate a merchant financing operation in New Zealand and take advantage of the Government's multi-billion dollar growth projects.

Details of the operation are still secret, but the organisation's existing New Zealand representation does not discount a public float.

Rumours of Citibank's interest in establishing a formal New Zealand operation were confirmed late last week by vice-president Leif Anderson.

He told *NBR* that Overseas Investment Commission approval has already been granted and Citibank hopes to open offices in Auckland and Wellington "early in 1982".

His confirmation came just a week after Citibank — described by one leading financial operator in Wellington as "the major asset" of New York based Citicorp — announced it will arrange project finance for

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'Everyone out' . . . away they went

by Warren Berryman

SSC&B Lintas's Auckland office, an arm of the world's biggest advertising empire, closed its doors last Wednesday when the New Zealand managing director walked out with most of the staff and the firm's clients to start their own advertising agency.

SSC&B Lintas, 51 per cent owned by Unilever and 49 per cent by Interpublic, is part of the Interpublic Group of New York (as is New Zealand's Dobbs Wiggins McCann Erickson). Interpublic is the world's largest advertising group.

In a lightning putsch last Tuesday night, Lintas's New Zealand managing director, Dave Murphy, telexed his unexpected resignation and walked out with 24 of the 27 staff to set up Murphy Truman Advertising.

Murphy Truman Advertising, incorporated last Wednesday with $50,000 capital, consists of Dave Murphy, ex-Lintas creative director Richard Truman, and other former Lintas staff.

Murphy said several companies had switched their advertising allegiance from Lintas to his new company — Feltex, Aulsebrooks, Continental Cigar, Leopard Breweries, James Hardie, Dominion Rental TV, W F Tucker and others.

Lintas flew in international executives to pick up the pieces on Thursday.

When *NBR* phoned Lintas' regional co-ordinator for Australasia last Thursday, he said he was not yet in a position to comment because he had just arrived on the scene.

Lintas Wellington manager Mike O'Sullivan was supervising the near-empty Auckland office. He remained tight-lipped when *NBR* asked what happened.

Other Lintas staffers helped *NBR* piece together the story behind the rapid collapse of Lintas's Auckland office.

Murphy's explanation was simple and blunt: "I got tired of working for a rather anonymous international conglomerate and thought at this time in my career it was time to strike out on my own.

"I told Truman about my plans and he decided to join me. When other staffers were told they said, 'if you two are going, so are we'. It was an amazing session Tuesday night."

NBR found Murphy in new offices in Auckland's Anzac Avenue amid empty cartons, files and champagne bottles. The phone on the desk had yet to be connected.

Murphy said he was applying for full media accreditation and negotiating with a big international agency to buy up 24.9 per cent of his new company's shares and form an international connection.

Key staffers would also be offered shares, he said.

Asked about the ethical implications of walking out with his former employer's clients, Murphy said: "If clients want to switch agencies that's the clients' business. These guys appointed our agency yesterday" (Wednesday).

Murphy described his staff morale as "incredible".

"They wanted to be involved in something more personal than Lintas," he said.

Consumer bill stalls

by Ann Taylor

THE Trade Description Bill will not see the light of day this session.

The only piece of commercial legislation promised in the last National Party manifesto, it was to protect consumers from misleading advertising, and traders would have been able to air their grievances in the courts rather than through the services of the examiner of commercial practices.

But the tangle of existing consumer legislation is such that the National Party cannot keep its 1978 promise before another election intervenes.

Six months before the 1978 election a working party was convened to review the plethora of consumer and commercial legislation. It reported back to Trade and Industry last year and a draft bill was prepared.

The bill, seen by several people as retiring Minister Lance Adams-Schneider's swan song, conflicted with and overlapped other legislation and the Justice Department apparently baulked at introducing it.

The proposed Act would have fitted nicely into Government's expressed intent to get itself out of the business community. Legislation currently administered by the department would have been thrown into a more fitting arena — the courts — where traders would have been left to sort it out themselves.

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Tycoon bamboo-zled

by Warren Berryman

PAPER millionaire John Spencer, a shrewd businessman reputed to be the country's wealthiest individual, is concerned about imports of Chinese toilet paper.

His company, Caxtons, enjoys a virtual monopoly of the toilet and tissue paper market. But more than 180,000 rolls of extra soft, pure cotton, Green Bamboo brand toilet paper are due to arrive from China under the first import licence tender scheme.

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D-day for NZOG: long on talking, short on listing?

by Klaus Sorensen

LISTING of New Zealand Oil and Gas may be delayed by the directors because of a flurry of behind-the-scenes negotiations concerning the underwriting of the issue, farm-outs on the company's licences and the possibility of Australian stock exchange listing.

The shares were due to hit the New Zealand exchange lists today, but by late last week NZOG directors were unsure whether they would allow today's planned listing to go ahead, because of the constantly developing negotiations taking place.

Talks have been going on in three main areas.

The main subject of discussion last week was whether the underwriters would have to take up the 24 million share ($12 million) shortfall by the due date of October 9, or whether major buyers of the shares could be found before then.

NBR understands negotiations have been conducted by the principle underwriters, Renouf and Co and New Zealand United Corporation, along with NZOG directors, on the subject of finding investors to take up the shortfall instead of the underwriters and sub-underwriters.

Meanwhile NZOG director Jack Barbarich has been holding talks with a United States oil major which is keen to farm in to NZOG's prime Taranaki offshore licence area 38113.

Barbarich confirmed to *NBR* that talks along these lines had been held, and said he was hopeful a deal could be reached, provided the American company received written confirmation from the New Zealand Government that liquid natural gas (in the event of a discovery at 113) could be exported.

He said the company had asked for this undertaking only 10 days ago, and Barbarich has sent a letter to Energy Minister Bill Birch seeking a confirmation, but negotiations have stopped for the present.

Barbarich said he thought the American would be prepared to come in and help do a "lot of" the exploration expenditure on the licence.

He requested the American company's name not be published because of the sensitive nature of discussions.

Barbarich said underwriting negotiations were still taking place, and changing all the time. Significant developments had taken place as recently as late Wednesday night, but he would not detail them.

However, he said there was a possibility that the issue might not have to be underwritten, "there just might not be a shortfall . . ."

He could not say whether that meant NZOG might finish up with a major equity shareholder, but Barbarich felt the board might not necessarily be happy with that possibility.

"So at this stage we don't know if NZOG will list on Monday; it might be that the directors will delay listing because of all the things happening which might materially affect the value of the shares."

He said Australian listing was a possibility, with NZOG and its advisers "working like hell" on this matter. There was also a possibility that NZOG might link with Australian exploration interests.

The company already has an association with the listed Australian company Pan Pacific Petroleum NL, which has recently made a significant gas field discovery.

Pan Pacific is apparently negotiating with major Australian resource companies to sell the gas and NZOG may become involved more closely with its Australian affiliate.

NBR understands NZOG directors Tony Radford and David Kennedy will fly into New Zealand from Australia for an inaugural board meeting today.

Discussion seems bound to include the underwriting situation and it is understood Radford and Kennedy (as the prime movers behind NZOG) will hold talks with the underwriters and the company's advisers this week.

The underwriters are keen to see subscribers found for the shortfall before the October 9 deadline by which they must take up their commitment, but the sub-underwriters appear to be waiting for the underwriters to finalise their talks with interested parties, rather than trying to find buyers for the shares themselves.

As one put it, "the underwriters have got to be together, or they'll hang individually."

But sources close to the company do not rule out the possibility of one buyer being found for 30 to 40 per cent of the capital — provided the buyer is acceptable to NZOG directors.

NZUC's Peter Kemp told *NBR*: "Quite obviously there have been talks going on with a number of people about the shortfall," but he would not comment further.

He referred *NBR* to an adviser who confirmed there were "a few balls in the air — there are several interested parties."

He confirmed Australian listing was being considered, even though there were considerable legal requirements which had to be met.

The underwriters were working towards finalising the question of disposition of the shortfall before the October deadline, he said.

Week that was

THE Ruahihi power project collapsed causing major flooding. It cut power and communications and some stock losses were reported.

THE FOL stepped in and prevented power to the Levin Rixen clothing factory being cut. Workers occupying the premises over a redundancy dispute are now in their fourth week. A compulsory conference did not resolve the dispute.

ANOTHER compulsory conference was held in Wellington in an attempt to resolve the tugmasters' dispute.

THE Government is to formally investigate a "spy agreement" with Australia after an Australian news report of a link.

COMMONWEALTH Finance ministers met in Bahamas without our Prime Minister, Rob Muldoon. He said he would not attend after the venue was changed from Auckland. He also said he would bill the commonwealth for expenses incurred in anticipation of the meeting there.

SCIENTISTS are still trying to find out what causes the "green" which has invaded parts of Taranaki.

Week to be

MONDAY: Electronics Manufacturers Federation conference, Wairakei, to Wednesday

TUESDAY: Conference of Australian and Pacific Ombudsmen, Wellington, to Thursday

WEDNESDAY: Milk Vendors conference, Christchurch

Association of Superannuation Funds conference, Rotorua, to Friday

Hume Industries (NZ) Ltd AGM, Wellington

FRIDAY: Talboys off to Korea for annual trade talks, to Wednesday

Maverick insurer puts new twist on 'twisting' row

by Warren Berryman

GUARDIAN Royal Exchange, which last year opted out of an agreement prohibiting one insurer selling to another's existing client, has more than doubled its new premium income in the past seven months.

Guardian opted out of the industry's "twisting" agreement last January just before it launched its new product, "Saveguard", an alternative to whole-of-life or endowment, providing life cover plus a flexible "design it yourself" investment plan (*NBR*, June 1).

At that time, Life Offices Association executive director Barry Bryant cited Guardian as the only company openly marketing its products on the basis of encouraging the replacement of other products.

The twisting agreement which Guardian objected to said if an agent goes to a policyholder and persuades him to drop that policy in favour of his product, a "twist" has been committed and the agent must pass over his commission to the company which sold the original policy.

Guardian now suggests that the success of its Saveguard scheme is due to public perception that conventional life insurance is ill-suited to its needs in times of high inflation and flexible interest rates.

Guardian assistant manager David Meldrum said his company's new premium had increased 117 per cent and the number of new policies had gone up 43 per cent over the past seven months. Sixty-seven per cent of these new policies were under the Saveguard plan.

Guardian's premium for the first eight months of 1980 was $1.49 million, and up to $3.23 million for the corresponding period in 1981. The total premium income in 1980 came to $11.5 million.

Meldrum estimated only 5 per cent of this new income came from twisting.

Bryant agreed that Guardian was not twisting existing clients from other insurers to a significant degree.

But Bryant added: "Other companies are still selling products similar to Guardian's while remaining within the twisting agreement."

Bryant said he would like to see Guardian return to the fold and negotiations had been opened between Guardian and the LOA to achieve that end.

Meldrum said he could not see how his company could live with the twisting agreement as it stood.

The anti-competition aspect of the twisting agreement aside, Bryant argues restriction on twisting has a consumer protection aspect — if an insured party is persuaded to surrender his existing policy or let it lapse through non-payment of premiums to buy a competing policy he is unlikely to get his money back on the existing policy.

This is especially true if he has had the policy only a short time, as the front-end load — agents' commissions and administration costs — will have wiped out the first two years premium income.

But Meldrum said Saveguard's success "suggests to us that many people presently buying traditional life insurance are being sold policies that aren't suited to their needs."

Meldrum claimed that, due to increased public financial sophistication, flexible interest rates, and continuing inflation, the present trend is away from traditional whole-of-life or endowment policies towards some form of investment-linked policy.

Figures produced in the Australian Life Insurance Commissioner's 1980 report show whole-of-life and endowment policies producing 96.6 per cent of new premium incomes in 1969-70 and only 55 per cent in 1979-80.

Over the same period term insurance's share increased from 2.4 per cent to 22.1 per cent, and investment-linked policies from nil to 14.2 per cent between 1977-8 and 1979-80.

Meldrum said he saw a similar trend here.

An insurance company wishing to exploit this trend has but two options; just sell to the presently uninsured or twist.

The Australian Trade Practices Commission ruled out twisting agreements as restrictive business practice. New Zealand's LOA is sticking to its guns and trying to convince Guardian to rejoin the fold.

Mobil confident synfuel will survive election

by Ann Taylor

MOBIL is confident that permanent heads of Government departments would advise a different Government to go ahead with the synthetic fuels project. Several planning contracts have already been let and, pending the conclusion of the Planning Tribunal hearings, others will get quickly under way.

If Judge Treadwell, presiding at the Planning Tribunal ruled that the Motonui site was unsuitable it would delay the project by at least a year, *NBR* was told.

But the Mobil people are not unnerved by the possibility of a change in Government. Mobil Oil managing director Phil Marriott said: "We will convince them of the synthetic gas project. I think that the permanent heads of Trade and Industry, Treasury and Energy have all supported this project and will continue to recommend it.

"The substantial issues have all been resolved. The project has a lot of momentum at the moment," he said.

Marriott, for one, would like the "misconception that we're signing up just before an election" to be dispelled.

About $60 million has already been spent by the Synthetic Fuels Corporation. The Government's representatives are now tying up the loose ends on negotiations with banks which will provide the 75 per cent Government share of the capital.

And Mobil's people here are busy pursuing contracts and planning consents.

The large issues at stake: the options on Maui gas, the fast depletion of a non-renewable resource, the creation of a prime target in the event of war and the worldwide move to self-sufficiency which might reduce the arguments for self-sufficiency here do not appear to have a forum.

Contracts already let and working include a $1 million one let to Andersons Engineering in Christchurch for distillation towers.

Enconsult's on-going contract includes the local end of site investigation — it was originally hired to help the Corporation with the National Development Act application and the Environmental Impact Report.

Test piles, scheduled to be driven from October on the Motonui site, have been contracted. And the 1500 piles for the plant to sit on would go to a local contractor.

A Taranaki architectural firm — TSE Group Consultants Ltd — has started designing and will later construct the administration building.

Consultant engineers Payne Sewell and Partners are doing the architectural design and surveying for other industrial buildings.

The contract for site preparation will be let to a large earth-moving firm which will supervise smaller firms it subcontracts to.

Tentatively contracts have also been discussed to build $5 million worth of furnaces for the methanol-to-gasoline part of the plant.

Promised consumer law stalled until after election

From Paga 1

What Retailers Federation spokesmen dub the "absolute bundle of nonsense" that constitutes the current consumer legislation would have been tidied up in the new Act. It would have consolidated the Wool Labelling Act, the Merchandise Marks Act and the Consumer Information Act.

The Consumers Institute, retailers, manufacturers and Committee of Advertising Practices were party to the review. They were not aware the legislation had slipped down the legislative agenda but offered a number of reasons why.

The Government has been too busy; it is looking at changes to the Commerce Act; the suggested legislation overlapped with the Credit Contracts Bill ond the Sale of Goods Act. And it highlighted the difficulty picking through areas of the existing law and reports from law reform committees.

This time last yeor, talking to Aucklond law graduates, Adams-Schneider said he placed "a lot of importance on commerciol honesty. The honest trader should not be disadvantoged by the dishonest.

"I think it is important that purchasers, both inter-trade and domestic consumers, receive honest and accurote descriptions of goods and services."

He said then he instructed parliamentary counsel to prepare a bill. "I would like to see a public act where an aggrieved person does not have to rush off to my department for action. He should be encouraged to ossert his own legal right."

The Consumers Institute wos delighted with the proposed changes which would have incorporated what it terms the "toothless laughingstock" — the Consumer Information Act.

"We gove up trying to use the Act years ago," Consumer Council chairman Emily Carpenter said in April. "The council has endorsed the proposals of the working porty and hopes they will pass unscathed in to law," she soid.

The proposed Act would have gone further than the present law and covered selling practices ond advertising, labelling and other trade descriptions.

The working party hod been asked to take into account the British Trade Descriptions Act — a strange move in these days of CER.

But the tangle of legislation in the area of consumer legislotion has left the ball firmly in the Government's court and the most likley move from here is to revamp the Commerce Commission to deal with troding grievances.

Utah group takes interest in NZ coal

by William Hobbs

THE Utoh mining group, Australio's largest coal exporter through its Brisbane-based subsidiary, Utah Development Company, is taking on interest in New Zealand coal.

Utah, which is wholly owned by the giant Generol Electric Corporation of America, has applied for coal prospecting rights over 12,100 hectares of land in Golden Bay, near the base of Farewell Spit.

The application is in the name of Utah Exploration Incorporated, a company registered in Delaware, though the prospecting programme will be organised through the Brisbane company.

Utah has previously been involved in New Zealand as a major contractor on the Manapouri hydro scheme in the 1960s, and it is a 75 per cent shareholder in Waipipi Iron Sands Ltd at Woverley.

The exploration manager for Utah Development, Glyn Griffiths, says the group's present interest results from what seems to be a change of attitude by the Government to coal mining.

He says the Government now seems to have accepted that, while North Island coal should be reserved for domestic use, there is a large resource in the South Island for which there is no foreseeable New Zeoland demand and which could be a valuable export.

Griffiths says the planned coal exploration programme in Golden Bay is something of a punt for the company.

Griffiths says there has never been a comprehensive and systematic survey of the area's coal resource, and it is certainly worth looking at. He expects to take a minimum of two years over the survey, but says its length will really be determined by results.

The licence area being applied for includes a number of formed and unformed roads, ond the Golden Bay County Council is concerned that there should not be any prospecting activity on the legol roads themselves.

But apart from that, it has decided to make no comment to the Ministry of Energy on the application.

Whether it will attract comment from environmental groups is uncertain. The licence area is all state land, opart from the roads, which are vested in the county, being in the North-west Nelson Forest Park.

But Griffiths says there will be very little environmental disruption during the prospecting programme.

He says activity will be on existing forestry roads, at least in the early stages of the survey.

Commission monitoring prospectus

by Klaus Sorensen

WHEN detoils of a new coal float are announced within the next week, the promoters will have the Securities Commission scrutinising their every move.

Not that the Bridgevale-backed coal float has done anything wrong — it's just that the commission is concerned to see that new share issues stick much more closely to the law on issuing a prospectus than many have in the past.

Securities Commission research director Tim Doyle denied suggestions that the commission had warned the new Bridgevale float promoters to watch their step in relation to publicity and advertising which might fall foul of the Componies Act Section 48(B) which sets down the requirements for producing a prospectus.

However, Doyle confirmed that the commission had recently issued a warning "in a more oblique way.

"We have been watching the publicity pertaining to recent floats and prospectuses and we have not been entirely satisfied," he told *NBR*.

He said the commission had been alarmed by some of the publicity which had resulted from the New Zealand Oil and Gas, and Bendon floats.

"We did in fact write to a number of bodies — such as the Stock Exchange, the Institute of Directors and the Listed Companies Association."

And while the commission had registered its concern over recent trends, "it was more of an exchange of views than a remonstration."

The commercial affairs division of the Justice Department has been investigating a possible breach of the Act by New Zealand Oil and Gas Ltd for the last couple of months.

NBR revealed (July 6) that the department was looking at written material produced by the company for a press briefing held before the prospectus came out.

Editorial

THE official advice from Treasury and other departmental experts on the merits of the Government's growth strategy remains a matter of speculation. Official advice to Cabinet invariably is kept secret, which makes it difficult for the public to learn the truth of rumours circulating in the capital that Treasury experts have done their sums on the synthetic fuels plant, expansion of New Zealand Steel and the second aluminium smelter — and reported that we do not have the resources to go ahead with all three.

What we suspect is that Rob Muldoon doesn't take kindly to politically unpalatable economic advice (and he has his electoral hopes pinned on the "think big" strategy).

The art of economic management was to keep the economy in good shape "inside the constraints of a democratic system which ensures that a government can only move as fast and as far as the people can be persuaded to let it," he told the Auckland Club last week. He was gracious enough to acknowledge that "there is a place for economists" — and charitable enough to add: "I won't tell you where it is."

He then proceeded to give his audience an idea of how he treats Treasury advice whose implementation would conflict with his perception of the political practicalities. When Henry Lang — "who was a highly intelligent Treasury officer" — became Secretary to the Treasury, "I called him up to my office and said, 'Mr Lang, if you give me any economic advice that is politically impossible, you will be wasting your time and mine'. " And by that token, Muldoon continued, "our academic economists waste an awful lot of time."

Doubtless, his desire to be told only of the politically pragmatic won't stop the academics from continuing with their work. But it suggests that Treasury officials, if they aren't to waste their time, must quickly become conditioned to dishing up to their ministerial lord and master nothing that will offend his electorally-sensitive tastebuds. Which further suggests he is being fed an economic diet of cakes and sweets because few dare serve up a plateful of spinach and carrots.

But any good dietician will tell you that a constant diet of goodies does nothing for the shape of the individual who rejects more wholesome fare, which, in turn, suggests that the shape of the economy is not what it ought to be because of Muldoon's economic sweet tooth.

He did refer in his speech to exercise — an exercise in public education in persuading the public what is good for them (and he sounded confident that the New Zealand electorate showed "a reasonable degree of commonsense in these matters"). But whether a sugar-fattened politician concerned to keep his job for three more years is the appropriate person to give nutritional advice to a populace whose plumpness, rather than slimness, is more likely to keep him in office is a moot point.

And the "commonsense" of the public in which Muldoon places so much confidence is a matter of opinion. We fear that the electorate does not know what is good for it — the very point which Institute of Economic Research director Kerry McDonald made in a speech earlier in the month.

McDonald emphasised that — with politicians facing regular elections at close intervals — "the electorate must bear some responsibility for the standards of policy decisions" (Muldoon's acknowledgement of the importance he places on political considerations reinforces the argument). But McDonald's concern was that one of the country's major problems is "the insufficient understanding of economic affairs in the community and the lack of awareness of the basic interdependencies and relationships in the economy." The result, he lamented, was "a community that is unable to adequately weigh the merits of competing economic policies and unwilling to give sufficient support to essential policy changes with immediate costs but greater future benefits." But it was willing to accept "short-sighted, superficially attractive policies which are injurious to the community beyond the short term."

And so there was little incentive for governments to grapple with medium-term issues, and every incentive to emphasise short-focused policies.

Muldoon himself seems ambivalent in his assessment of the economic understanding of the public. In the same speech in which he said the electorate showed "a reasonable degree of commonsense in these matters," he complained that "many thousands of New Zealanders . . . have a touching faith that if someone who clearly knows more about the economy than they do says that a certain desirable thing can be done, then, by definition, he must know what he is talking about, and it is not for me, the poor ignorant citizen, to ask him how it will be done."

Or maybe ignorance is the level of commonsense which Muldoon is content to regard as "reasonable". That way, perhaps, the public can be persuaded to regard a 15 per cent inflation rate, some 50,000 registered unemployed, et cetera, as conditions consistent with the performance of a government attuned to their economic expectations.

— Bob Edlin

Without word of a lie

Noblesse oblige?

PUBLIC company directors are not especially well known for generosity to shareholders, but we feel we must draw the selfless largesse of Ceramco directors to the attention of our readers.

This has come to our notice through a little report produced by the company detailing the conduct of the 1981 annual meeting.

The report contains the addresses of the chairman and managing director, shareholders' resolutions and a number of photographs of the 470 shareholders who turned up.

On the back page there is a caption above two photographs of the proprietors of the company enjoying some refreshments.

The caption reads: "Below: shareholders discuss the company's progress enjoying the directors' hospitality after the meeting." Yes, "the directors' hospitality" . . . that's what it says.

Fair takes your breath away, doesn't it?

What a touching sight — all those directors raiding their own booze cabinets at home, piling the grog into the back of the Mercedes, BMW or Jaguar, and setting off for the annual meeting to "treat" shareholders.

Question is, did the directors' wives have to make the sammies and sausage rolls?

Halfway there

WORD of our kiwifruit has gone as far as Detroit Michigan where a recent full-page advertisement offers the fruit for US48 cents each. The Yanks got the Kiwi right: "a flightless bird with rudimentary wings, stout legs, a long bill, and greyish-brown hairlike plumage." But no points on kiwifruit: "It grows on trees and is about the same size and shape of a lime."

No publicity is bad publicity, under the old kiwifruit tree.

In retrospect

AFTER years of playing the blind policeman, the Ministry of Transport has become a font of knowledge on air fare discounting and how it's done — now that the airlines have agreed to police the ministry's rules themselves.

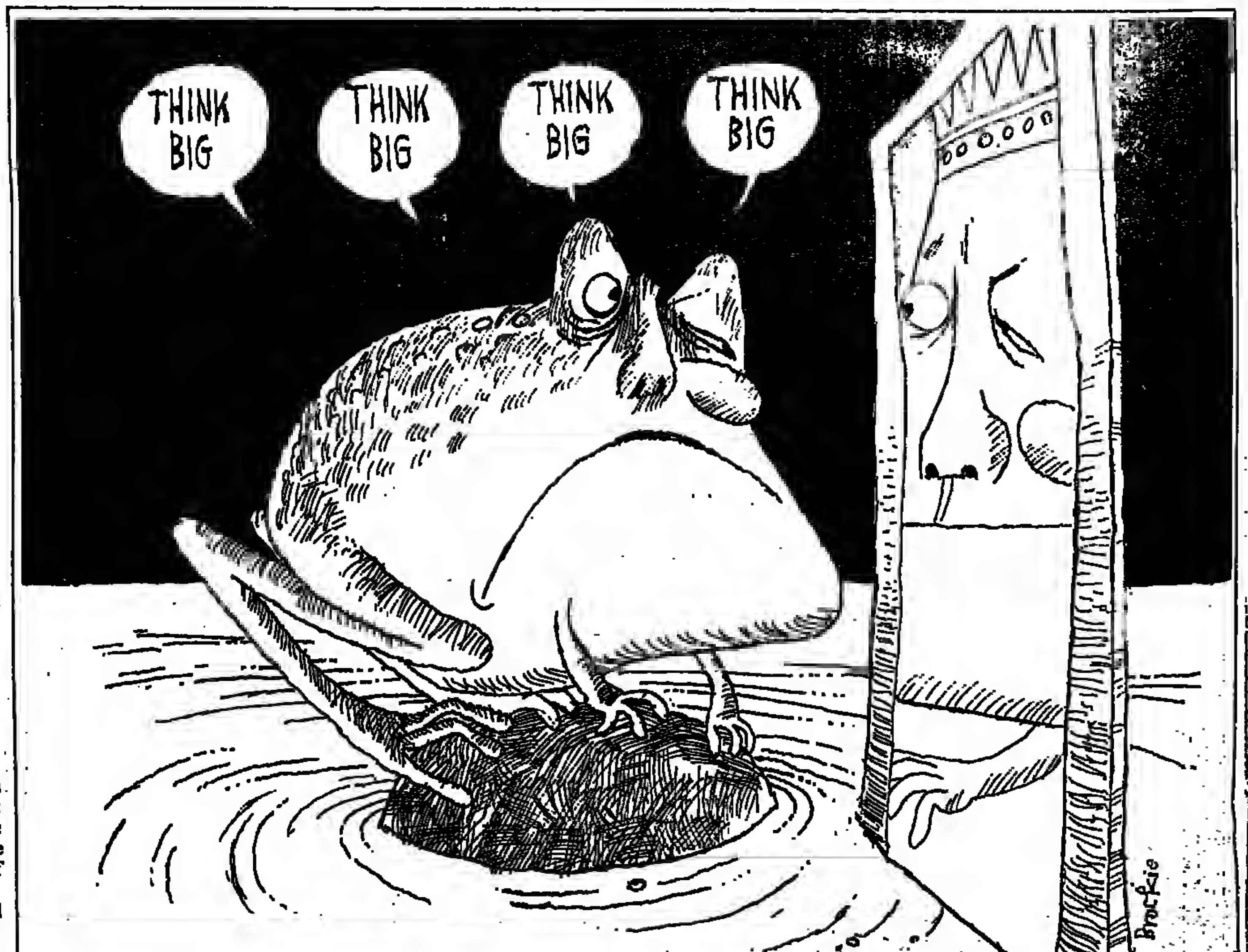
As the airline pact put an end to the marketing war in illicit fares, the ministry sent a directive to all airlines prohibiting "the use of endorsements or restrictions such as non-endorsable, non-refundable, valid for XY airline only, for endorsement/refunds/ rerouting refer to issuing airline/station etc."

According to the MOT, "this section has been deemed necessary due to increasing incidence of such restrictions being used to camouflage tariff violations including illegal discounts by limiting or ruling out the passenger's ability to change reservations to another or other airline services and also the acceptance of such tickets or travel documents by the latter."

In layman's terms, this means discounters were marking tickets non-endorsable so a traveller could not buy a ticket with a face value of, say, $1000 for, say, $600 and cash it in for $1000 or $1000 worth of travel with another airline.

The ministry's knowledge of the intricacies apparently wasn't passed on to its Minister, George McLauchlan told *NBR* he had no evidence of illegal discounting.

Brockie's view



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South Africa lashes out from the laager

by J D F Jones
of the Financial Times

HOT pursuit or cold and calculated realpolitik? The latest South African venture into Angola has spotlighted the dangerous front line between the White supremacist republic and its sovereign black neighbours to the north.

It should be seen in the context not just of the extraordinarily protracted diplomatic negotiations about the future of Namibia (where the South African generals may or may not think they are pursuing diplomacy by other means) but of the tense and tangled network which carries South African influence far into Africa through transport, investment, food supplies, and trade (last year the republic's exports to more than 40 countries totalled $1.1 billion).

With Zimbabwe's independence last year African decolonisation reached the republic's border at the Limpopo; the *principle* of an independent Namibia had been agreed by the South Africans in the mid-1970s.

They are committed to their Bantustan policy of granting "independence" to the tribal homeland states inside their frontiers in an attempt to meet the aspirations of their own 20 million blacks. In a word, the laager has been well and truly closed. There is nowhere now for White Africa to retreat, except into the sea.

Their strategy has therefore had to be rethought. It is important to appreciate that policy in Pretoria is not yet clear. There seem to be various strands of opinion within the white Government and the debate continues about foreign policy, just as there is a well known battle over domestic policy between "verligte" and "verkrampte," enlightened and reactionary, reformist and conservative.

The essence of the argument can be put simply: is it, or is it not, in the interests of South Africa to have a successful, orderly, even prosperous, black Africa emerge on its frontiers?

On one hand, it can be argued that so long as the black African states are anarchic and poverty stricken, then white South Africans can sleep more securely at night.

The opposite view (and this is held by not a few South Africans) is that the republic's prospect of surviving the 20th century can only be enhanced by the emergence of a stable regional system in which the enormous resources of South Africa can be used to exploit an expanding market to the north.

This debate within the country is not over yet, but it looks as if the negative view is winning.

If that is true, then South Africa will be tempted to undermine Black Africa. And the fact is that black African leaders are now convinced as never before that South Africa is trying to "destabilise" the front-line states. Seen in this context, the recent events in Angola would be merely the most extreme manifestation of a much wider policy.

In Mozambique, for example, the Frelimo government for all its Marxist ideology has on the surface had no difficulty in co-existing with Pretoria. There has been South African help in running the port of Maputo, which, of course, is a major outlet for South African trade.

But, Frelimo's authority in its own territory is now under significant strain, not just because of its perilous economic situation, but because of the activities of the Mozambique Resistance Movement (MRM), and it is widely believed in Southern Africa that the MRM is supported, indeed sustained, by Pretoria.

The Springbok tour controversy here and the anti-apartheid controversy accompanying it has focused New Zealand attention more acutely than usual on South Africa's uneasy relations with her black northern neighbours — highlighted by the incursions into Angola which have created an international incident. The Angola expedition, however, pinpoints the continuing top-level debate in Pretoria whether to support or "destabilise" the neighbouring black states. At the moment the "destabilisers" seem to be in the ascendency.

So far as can be seen, the MRM consists of at least 6000 dissidents, well enough organised, trained and supplied to be able to challenge Frelimo's writ in large areas of western and northern Mozambique.

Leadership is unclear but is rumoured to include various shadowy figures, including European businessmen, who were active before the Portuguese withdrew.

The MRM was definitely supported by the Rhodesian army of Ian Smith during its war against the Mozambique-based Zanla guerrilla army of Robert Mugabe. Today, it is constantly alleged that the MRM enjoys training facilities in South Africa, help from South African specialist personnel, and military supplies from the republic.

No one believes that the MRM is about to confront Samora Machel's government in Maputo but it is undeniably a "destabilising" element. Gunfire is regularly heard along the mountainous border with Zimbabwe, refugees are still coming across, last weekend the port of Beira was without electricity and water after what seems to have been an MRM sabotage operation, and — most important of all — the MRM is undoubtedly in a position to threaten the pipeline and the railway which link Zimbabwe to the sea from Umtali to Beira.

And it is in Zimbabwe where South African assistance to the MRM, if true, would make best strategic sense, because the new Zimbabwe, led by Mugabe, is South Africa's biggest worry. To most observers, the emergence of Mugabe and the Zanu-PF government in Salisbury, while unexpected, was not unencouraging.

To the South Africans, however, the "Marxist" Mugabe is still the devil incarnate. To make things worse, he and his ministers have kept up a barrage of vocal abuse of Pretoria, while doing little to reinforce this abuse with action. The result has been a serious decline in relations between two countries which are intimately linked economically.

South Africa has brought in a range of measures such as termination of the preferential trade agreement, withdrawal of valuable railway locomotives and repatriation of Zimbabwe workers, which are damaging to Mugabe. Zimbabweans for their part are absolutely convinced that South Africa is actively determined to "destabilise" their new country.

Again, the facts are hard to pin down. Are the South Africans training guerrillas in the northern Transvaal? Was it the South Africans who stole important weaponry from a Salisbury barracks — and did they transfer it to the MRM? Were the South Africans responsible for the recent assassination of a senior ANC official based in Salisbury? Who has been setting off bombs with a symbolic or nuisance value? Have the South Africans infiltrated Zimbabwe's military and civil structures? Is Zimbabwe's desperate shortage of diesel oil the result of a deliberate South African squeeze?

Categorical answers are hard to establish, but it is easy to see why the Zimbabweans feel nervous. They find themselves in the front line. They can see that the emergence of a prosperous, peaceful and multiracial Zimbabwe would, merely by example, represent a challenge to South Africa's ideology and system. They can work out for themselves that they are appallingly vulnerable to South African interference.

If diesel oil, which comes from South Africa, is short, for example, the Zimbabweans cannot move their record maize harvest: not only do they lose the valuable foreign exchange but they also forfeit their potential role as a major food supplier in Africa — and the "politics of food" cannot be underestimated.

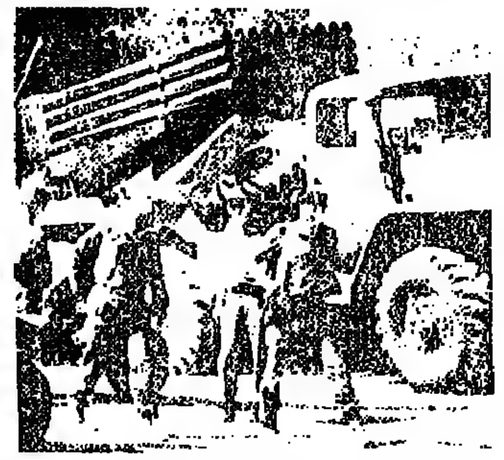
Secondly, there is the pipeline to Beira which Mugabe has publicly said will bring in all of Zimbabwe's oil supplies by the end of this year. The MRM sits on the pipeline rather as the Unita dissidents of Jonas Savimbi sit across the Benguela railway that links Central Africa to the Angolan Atlantic.

Of the other regional states, Botswana, Lesotho and Swaziland, the former British protectorates, are too much economic hostages of the South African system, and too conservatively ruled, to have much of a role.

Zambia, for all its radical protestations, relies on the south for vital supplies for its mining industry, and also for transport outlets.

Still, President Kenneth Kaunda last October accused South Africa of being behind an attempted coup. In Malawi the South African influence is considerable and Pretoria's tentacles extend even into Zaire.

But these regional black states are now taking steps to join together so as to reduce their economic dependence on South Africa. The Southern African Development Co-ordination



Conference (SADCC) comprises nine members, with Zimbabwe playing a central role.

It is therefore a direct competitor to Pretoria's regional plan for a "constellation of states" which was intended to include (and therefore legitimise) the Bantustans, plus Namibia and eventually some of the independent black states.

Zimbabwe's rejection of this "constellation" has been particularly damaging to the South African plan and today the atmosphere in Pretoria is a long way from former Prime Minister John Vorster's vision of detente.

Where, then, does the military operation in Angola leave Namibia? Pretoria apparently still believes there is room for a non-radical Namibia, in which the claims of SWAPO to overwhelming popular support will have been deflated at an internationally supervised election and the long efforts of the five-nation Western contact group will have brought international recognition.

As the South African troops withdraw from southern Angola the contact group must be surveying the scene ruefully. The only comfort they may like to take is that the Rhodesians, two years ago, carried out some of their most punitive expeditions into Mozambique and Zambia even while they were preparing to meet their sworn enemies across the conference table at Lancaster House.

Your neighbourhood energy expert

by Erich Geiringer

"JUST the man I want to see," boomed George when I met him at the local bowser. "You are supposed to be a bit of an energy expert and I have a bit of an energy problem — I need to drive around on business all day and I've promised the family a weekend outing and I have only 10 bucks to spare. How, in a manner of speaking, can I maximise my assets motor fuel-wise?"

"Easy!" says I, "I have studied this very question under such leading energy experts and planners as Malden, Muldoon, Brill and Birch."

"First," says I, "give me half your money." He hands over a fiver and I put a match to it and burn it to a cinder.

"How much petrol can I get for five dollars?" I ask the bowser man. "Five litres," says he. So I grab the handle and squeeze 2½ litres into George's tank. Then I pull the nozzle out and spread the other 2½ litres over the pavement.

"Away you drive!" I tell George, "but you owe me $2 for showing you how to maximise your 10 bucks motor fuel-wise.

George drives away happily but the bowser man gives me a strange look. So I explain: "It's called the synthetic petrol project and it's just been given the go-ahead after exhaustive investigations.

"It takes natural gas which is a premium motor fuel and changes it into petrol which is no better but which will cost at least twice as much. That is where half our money goes up in smoke. On the way from gas to petrol half the energy is lost and that is where half your motor fuel gets spilled on the ground.

"But this marvellous trick which shows you how to get half the mileage for twice the price does not come free. You have to borrow money to build the factory, spend money to run the factory and pay a fee to Mobil for letting you in on such a grand idea."

"But where does all that lost mileage go?" asks the bowser man, "It must go somewhere!"

"You are dead right," I reply, "the Government reckons they will get enough mileage out of this scheme to win them the elections, and with geniuses like George around they could well be right," — and I leave him staring at the rapidly evaporating pool of petrol on the ground.

Foresters and roads

THE article by Bob Stott in your September 14 edition on the cost of upgrading roads for heavy logging traffic is o atrange mixture of good points, confusion and rubbish.

Recognition of the value of offorestation as a means of erosion control and soil conservation is as heartening os the related statement that, "At the heart of the problem is the Forest Service policy of plonting pines on cheap land" is incorrect.

After 18 years with the department, the last nine in a position closely connected with the East Cosst project, I am not aware of any such policy. It would be more true to say that the policy of local authorities and Federated Farmers is to restrict afforestation to "cheap" land which is generally the most inaccessible in the region.

Your writer's comments to the effect that companies are more community minded than the Forest Service can only be made in complete ignorance of the facts — possibly due to looking at one or two examples in isolation.

I would suggest that before venturing such opinions he should come ond see for himself.

The suggestion that the Forest Service avoids paying rates by paying a "grant in lieu" is misleading. In fact, the grant in lieu is at the same level as rates for any other owner of land being used for productive purposes, including farmers and forestry companies.

To suggest this doesn't "amount to much" again indicates that Mr Stott is unaware of the facts — for the current year alone, Forest Service contribution to Taupo County, for example, where production forestry as a land use is well established, is in the order of $450,000 — a very significant sum in snybody's language.

Agencies such as the Forest Service, forestry companies snd the local authorities involved in planning for afforestation as a productive land use have been seeking an equitable solution to the problem of who pays for road upgrading for some years.

It is unfortunate thst your article on this subject is so full of misrepresentation as to mislead the uninformed reader sbout the real position.

I A Black
Deputy Cnnservator
NZ Forest Servlce, Rotorua

MR Black says that the Forest Service doos not have a policy nf planting on chaap land — but it dnes plant where directed by farmers and local bodies, on cheap land. The point Mr Stott was questioning was whether the cost of milling cheap and inaccessible land was taken into account at the time such planting was contemplated.

Regarding Forest Service v private companies' contribution to roading, the grants in lieu of rates were contrasted with private operations which pay not only rates but often additional sums for roading as well. Comalco helped pay the cost of upgrading tho Tiwai Point road — did the Forest Servico help with roading costs in the vicinity of the Waipa mill?

Mr Black says that agencies such as the Forest Service have been seeking an equitable solution to tho problem for some years. Mr Stott merely inforred that the pines seemed to be reaching maturity faster than the solution to the roading problem was being found.

Lncal authorities either levying tolls on logging trucks, or considering such action, may not agree that "cnnfusion" and "rubbish" are the right words to describe the situation outlined in the article.

— Editor

Mining heroics

WARREN Berryman's piece (*NBR*, September 14) on the heroics of mineral exploration and prospecting in the rugged mountains of the Coromandel and Colorado has moved me slmost to (msnly) tears. It's not true, is it? Are the movie rights still svailable?

Barney Brewster
Auckland

Offensive to disabled

BROCKIE'S csrtoon (*NBR*, August 31, 1981) displayed o tasteless, insensitive and anachronistic jibe ot people labelled for too long by society ss "mentally retarded".

The so-called cartoon promotes a number of dangerous and inaccurate stereotypes sbout people with disabilities. Perceptions of intellectually hondicspped people as unthinking, unfeeling, other beings, should have died out a long time ago.

The fact that Brockie was the author of such o cartoon is all the more reprehensible in that the myth is being perpetuated in this the International Year of Diabled Persons.

At o time when so many people in New Zealand and the world are doing so much to illustrate the strengths and aspirstions of people with disabilities, *National Business Review* has really turned the clock back.

It is hoped that in the future your cartoonist and newspaper will show a more enlightened and positive approach towards people with disabilities.

J B Munro
National Director
NZ Society for the Intellectually Handicapped, and National Vice-Chairman, International Year of Disabled Persons.

Figuring out radio ratings

ONE small correction to the Warren Mayne story on private radio ratings in your September 7 issue: the BCNZ figures *I've* seen have Radio 1XO gaining, not losing, in the latest survey; snd put us at a new share level of 30 per cent overall, not 28 per cent.

R C Rayner
Manager
Otago Radio Network

THE figures supplied to NBR were first printouts from the BCNZ survey; final minor adjustments along the lines Mr Rayner points out have subsequently been made in public releases. As always there are minor differences depending on whether Monday-Friday, Monday-Saturday or all-week figures are cited.

— Editor

How do you tell what is poison and what is cure?

by Colin James

HATS off to Dr Pierre Bsstien. He is a medic with faith in his own cure.

Down the hstch 10 days or so sgo went 70 grsms of desth cap mushrooms, sauted by a Swiss chef. Sauted or not, a dose of death cap mushrooms ususlly kills the diner.

But Bsstien hsd discovered what he claimed to be sn antidote. To prove his point he put the cure to the ultimate test.

The Government is also sticking to its cure, despite all the criticism and scorn that has been poured on the cure since its discovery in 1979.

On goes the synthetic petrol plant. No backing off. Recent statements suggest strongly the Arsmoana smelter will go ahead too (at least, as far as the Government is concerned).

The main bits of the growth strstegy, first shuffled together back in 1979, are being turned from airy nothing into something approaching reallty.

An economic assessment of whether the growth strategy and its component bits sre good or bsd is beyond the scope and purpose of this column.

The political point is that a Government has, for once, stuck to its guns snd not been hurled off course by pressure group activity.

Such determination excites curiosity snd s degree of admiration in s country where politicians are traditionally oversensitive to adverse minority criticisms.

This is not to suggest that Governments should be pigheadedly insensitive to public opinion. Porticularly when s policy has not been laid before the electors at the previous election, a democratic government properly listens sensitively to public opinion and if the weight of ressoned srgument runs against it changes the policy.

But there is s difference between s sensitive search for resson snd cutting snd running. Governments hsve often chsnged tack out of fear of losing votes, blown off course by the merest puff of a pressure group.

Thot charge cannot (so far) be levelled at this Government over its growth strstegy.

If anything, there is sn element of the reverse. The Government has stuck with its growth strotegy in the face of a lot of evidence (some of it from its own advisers) against it — and even after the boomerang effect of "think big" label.

It might be orgued that the Government hss simply gone too fsr down its own fast track to get off, thst it is now so committed to its growth strstegy as its central re-election plstform that it cannot even substsntially modify its progromme (in other words, is precluded from listening sensitively to ressoned public argument).

On this view, the determinotion of the Government to get signatures on pieces of papor before the election is a bid to show tangible proof of the growth strategy to voters.

In other words, the signatures are a sort of visual aid to help the salesperson in a difficult selling job.

One might go further ond postulate that there is sn element of desperotion: that in the face of inflation and unemployment and the collapse of low and order ss an exploitable issue, the growth strategy is all the Government has got left, so it has to pull out every stop it can find to get it across.

There may be something in this. There is some nervousness now in the National Party about the election.

But the evidence suggests that would be pushing it too far.

As long ago as 1979, National strategists were making no secret of their determination that the major decisions should be in place before the election — and therefore effectively irreversible (except at some cost) after the election.

Partly, it is truo, the determination then to wrap up decisions served the unlofty aim of winning this election.

But to the extent that it did serve that oim, it has been a long-term aim and not the hasty tactical ad-hocery nf straw-grasping within a month or two of the election.

The latter vlew would have to assume thot (1) the Government had lost its belief in the growth strotegy; (2) it was still sticking to the rhetoric because that was all it had left to fight the election on; (3) it would most like to win the election without having actually to go through the programme; and (4) it was only going over the hurdles before the election because it needed extra selling power for the rhetoric.

That assumption is untenable on the evidence. Though snme projects appeor either to hove been dropped or to hove stalled, after some flutters earlier in the year there does not appear to have been any appreciable wavering at the top on the central thrust of the programme.

Last yoar, when "think big" began to drive the growth strategy into the bogeyman category, the response was not to abandon it, evon though there were opportunities snd excuses available. It wos, instead, to beef up its small business assistance.

And in any case, it would hsve been impolitic within the party to drop the strategy. Rank and file National activists, in my experience, have been behind the policy since at least the May divisional confereoces.

There is also a broader case arguable on the Government's behalf for committiog tbe decisions: that, elections or no elections, it is good for the country and should be made tamper-proof to resist the ravages of a rogue tbink-small socialist Government.

I have come ocross people who lean towards or who are active in the National Party who sincerely believe that if a Labour Government dismantled the programme the country's economic recovery would be seriously undermined.

OK, cynics, down. I know what you are going to say: the politicians are not that pure:

Surely (it can be argued) the final decisions having been left till within cooee of an election, they might have been held over until after the election, to give the public a chance to pronounce on them — especially since the projects weren't in the 1978 manifesto.

There is something in this.

To the extent that the election will be decided on the growth strategy the voters will be asked not to ssy whether it *is* acceptable to them but whether it *was* acceptsble. In other words the voters, supposed sovereigns, are locked in, too.

Governments usuolly defend an unpopular or questionable decision by saying voters can throw it out at the next election if they don't like it.

That attitude is not so bad if it is just a matter of changing some regulations snd spending a million dollars or two to alter course. It is a different matter if the cost of reversing decisions is several hundred million dollars.

Then the decisions have to have been right. Not just right because the Government says they are right; not just right because they are demonstrably right on the weight of the evidence; but right because the electorate thinks they are right.

Usually with something major this process takes o long time: consultation, objections, the evolution of some sort of consensus.

The alternative is to take what Hugh Templeton calls a quantum lesp. Decisiveness supplants debate and the Government commits itself to an act of fnith. Then it either drags the public along with it or turns round to find it sitting bewildered and unmoving in the middle of the road.

Is this happening now? Those of us who hnve lived with the growth strategy think of it os old hat. But large numbers of people who have not had our immersion in it have very little idea of whar it is. This was brought home to me vividly last week by a group of Young Nationals, few of whom claimed to know what the growth strotegy was.

Setting asido value judgmenrs on tho projects themselves, the growth strategy is exciting in *political* terms. When last did we seo a Government — especiolly a so-called conservative one — grab a bull by the horns and ride it full bore at the olectoral gate?

A rare treat for the journalist who enjoys o good bullring.

But to tbe voter, governments riding bulls round can be upsetting. What may be argued as a dramatic *economic* cure can, in execution, particularly if thiogs go wroog be a *political* poison.

In recent olections, the electorate has been twitching to and fro as if suffering the agonies of having eaten some political death cap mushrooms (coloured alternately red and blue).

And in this context, as is pointed out on Page 34, Social Credit, the self-proclaimed antidote, is still refusing to go away.

Does this mean the electorate is seeing Social Credit as Dr Bastien's antidote? (If so, will it work?) Or will the victim in the end just hope nature will do the trick?

This election has two months to run yet. And the picture is far from clear.

* * *

IN last week's column I said David Lloyd's paper on Labour's small business tax costs had overlooked a phrase saying that the concession was available only to companies taking on two extra staff. In fact, the income tax concession, which was the basis for Lloyd's calculations, would apply to all small companies.

The qualification applied to Labour's employment proposals for small businesses. (Labour, incidentally, costs the policy at $35 million, Lloyd at between $262 million and $681 million.)

Economics

Good news — 3% — but, oh that inflation

by Bob Edlin

THE good news in the Institute of Economic Research's latest *Quarterly Predictions* is continued growth of 3 per cent — but among the bad news, it foresees inflation in 1982-83 of 17 per cent, fed to some extent by the Government's monetary policies.

The NZIER expects the Government's deficit to be only about $1950 million for the year (less than the Budget estimate of $2090 million, and considerably less than forecasts based on the assumption that the deficit generally turns out greater than Budget-night expectations).

But the NZIER expects tax revenues to grow more rapidly than assumed by the Government — partly because it reckons on incomes growing faster than implied in the Budget.

But *QP* makes no provision in its estimate for payouts to farmers under the supplementary minimum prices scheme. "Assuming an average wool price for the season of 315c/kg these payments could amount to about $100 million," it reports.

QP notes the importance of both the absolute size of the Government's deficit and the means by which it is financed.

"At present the Government appears committed to monetising a large proportion of the deficit — that is, financing by money creation, rather than by borrowing from the non-bank private sector," the report says.

The object of this policy, *QP* reasons, "is clearly to hold down interest rates, but the result is faster growth in the monetary aggregates and, eventually, in the rate of inflation" (see Page 11).

QP forecasts a rate of consumer price inflation this year of 15 per cent, averaged over the year as a whole. The predicted rate for the 1982-83 year is 17 per cent.

Reviewing the influence of wages and salaries on inflation, *QP* is sticking to an assumption of an 11 per cent wage round. "A settlement at this level gives a small increase in real terms in after-tax wages and salaries, measured on a March-year basis."

But the report acknowledges pressures which could tend towards a lower settlement — the tough bargaining position of employers and the Prime Minister's threat to impose wage controls.

Growth in the country's real output in the 1981-82 year is expected "to be a respectable 3 per cent."

But that growth is resulting from a sizable increase expected in private consumption spending (at a time when Finance Minister Rob Muldoon has declared his concern to prevent consumption-led growth), from the upturn in the building and construction sector (which only insofar as it contributes to the energy-based projects is consistent with the Government's aim to foster export-led growth) and from the "substantial deficit which the government is running."

The combination of sluggish international economy and strong domestic stimulus would normally lead to a serious deterioration on the external account, *QP* notes.

"Fortunately that does not appear to be the likely outcome for 1981-82. Imports are not expected to grow excessively, partly because of lower levels of spending on the major projects than we earlier estimated."

But "of greater importance" is that stock levels have been declining in real terms, reducing import requirements.

"The deficit on the external balance will increase, but only to $1015 million," is *QP*'s forecast.

Close finishes in round two of BMG

THE second round of the International Computers NCR Business Management Game 1981 produced some very close finishes with margins of less than $20,000 between the first and second teams not being uncommon.

From the 100 teams which contested round two, 20 will now go forward to contest the third, semi-final, round.

The highest profit made in round two was by a team of chartered accountants from Dunedin with a final profit of $16.25 million. The second highest profit went to a Waitaki NZ Refrigerating team with $15.6 million.

Some familiar names in the BMG have won through to the third round with the national winner two years ago, Puketahi Holdings, winning its game and teams from the Ministry of Transport, Ministry of Works and Development, the Reserve Bank and the Ford Motor Company winning a place in the semi-final round.

And just to prove they could play hard as well the Cowell's Pavlova Kitchen from Dunedin managed a very creditable second in its game.

The results for the 100 teams are as follows:

Game	Teams	Profit in Millions
DA	An Auckland company	12.58
	Tasman Pulp & Paper	8.11
	Far East Trading Co	8.05
	Transpak Industries Ltd	12.61
	Group Rentals Ltd	8.46
DB	Group marketing division, Winstones, Auckland	4.92
	Radio NZ, Auckland	5.16
	Southern Cross Medical Care	7.65
	NZ Express Transport	5.66
	JRP Syndicate	10.17
DC	An Auckland accountancy group	11.51
	Another Auckland accountancy group	8.28
	3M NZ Ltd	12.46
	AHI Plastic Film Co	11.95
	NZ Farmers Fertilizer	13.49
DD	Gerald Reid Data Products Ltd	8.31
	Freightways Computer Services	10.21
	LEP International	7.16
	Fisher & Paykel	4.81
	Healtheries of NZ	5.55
DE	Fletcher Industries	7.10
	Dr P Chapman	2.75
	Komps Konsolidated	10.86
	An accountancy company	6.02
	W R Grace (NZ) Ltd	8.62
DF	Timber company, Central North Island	8.54
	NZI Finance Ltd	10.40
	Napier accountancy firm	5.17
	Ruapehu College	7.86
	Ministry of Works, Napier	8.40
DG	Tasman Pulp & Paper, Kawerau	9.59
	Puketahi Holdings	11.89
	Unilever NZ Ltd	9.07
	Wairarapa Hospital Board	8.81
	Winstone Wallboards Ltd	11.38
DH	Private timber firm, North Island	8.58
	Graham Dobson, Gisborne	7.53
	St Cuthberts College, Auckland	7.78
	Advanced Meat Ltd	6.86
	Todd Motors Ltd	5.57
DI	Merck, Sharpe & Dohme NZ Ltd	7.70
	R Fraser	4.45
	ICI Tasman Ltd, Upper Hutt	10.04
	MWD Rangipo, Turangi	9.25
	Ministry of Works Department, Turangi	12.11
DJ	Schwartz Ltd, Tirau	1.09
	Winstone Wallboards, Auckland	7.55
	Department of Tourism & Publicity, Trentham	6.21
	Private individual, Upper Hutt	6.08
	Rohm & Haas, Otahuhu	8.86
DK	AMP Acceptances, Wellington	11.12
	Government Life Insurance, Wellington	7.80
	NZ Motor Corp, Wellington	9.41
	Morrison Cooper & Partners	8.61
	NZPO, PDHQ, Wellington	8.51
DL	Caltex Oil NZ Ltd, Wellington	8.22
	Government Life Insurance, Wellington	6.25
	Correspondence School, Wellington	9.09
	A Phillips, Wellington	9.48
	Salmond Industries, Wellington	7.97
DM	J V F Baker, Wellington	11.17
	Ministry of Transport Econ Div, Wellington	14.81
	NZ Railways Management Services, Wellington	9.35
	Shell Manufacturing NZ Ltd, Wellington	12.40
	MWD power division, Wellington	11.31
DN	Heylen Research Centre, Wellington	7.22
	MWD Special Projects, Wellington	11.84
	Wellington firm of accountants	9.31
	Williamson Wilkaties	5.93
	Wellington accountants	7.27
DO	Inland Revenue Department, Wellington	10.36
	NZ Railways Finance & Accounts	10.35
	BP NZ Ltd	9.83
	Reserve Bank, Wellington	13.75
	Wormald Bros	13.01
DP	Dunedin firm of accountants	16.25
	Kennedy, Newell & Stewart, Dunedin	9.19
	Cowell's Pavlova Kitchen, Dunedin	14.63
	Lane & Marble Ltd, Nelson	9.81
	Firm of accountants, Invercargill	13.81
DQ	AHI Crown Crystal Glass, Christchurch	11.71
	Waitaki NZ Refrigeration Ltd, Christchurch	12.98
	Ministry of Works, Auckland	11.89
	Marlborough Viticulturists, Blenheim	13.30
	Department of Statistics, Christchurch	5.64
DR	Otago Polytech	9.07
	Waitaki NZ Refrigerating Ltd, Christchurch	15.60
	BP Oil NZ Ltd, Wellington	14.93
	Green Valley Finance Co, North Canterbury	11.67
	Millers Ltd, Christchurch	13.19
DS	Firm of Christchurch accountants	4.36
	Canterbury Savings Bank	7.67
	Rosebank Dairies Industries	9.04
	Accountants firm from Ashburton	9.39
	Firm of accountants from Dunedin	15.11
DT	G L Bowron & Co Ltd, Christchurch	5.15
	Unilever NZ Ltd, Petone	8.03
	Todd Motors Ltd, Porirua	7.91
	P C Henderson NZ Ltd, Porirua	9.25
	Ford Motor Co, manufacturing engineering, Lower Hutt	9.99

Economics

This (election) year, largesse; will crunch come '82?

by Bob Edlin

ELECTION-YEAR largesse with the money supply is graphically illustrated by the Institute of Economic Research in the September issue of *Quarterly Predictions.*

A chart included in the institute's review of money conditions shows the extent to which the taps are opened each time the Government stands for re-election.

It was published in the same week that Finance Minister Rob Muldoon indicated to the Auckland Club that he wasn't interested in accepting politically inexpedient economic advice from Treasury. "When Henry Lang . . . first became secretary to the Treasury in about 1968, I called him up to my office and said, 'Mr Lang, if you give me any economic advice that is politically impossible, you will be wasting your time and mine,' " Muldoon declared.

However Muldoon might regard it, *QP* sets out two policy options. And whichever of those paths might be taken, the NZIER foresees a more active, higher-nominal-interest-rate policy as "inevitable" in the next year to control monetary growth and inflation. But looking to the immediate past, *QP* notes that "in recent months Government seems to have abandoned attempts to control the growth of money aggregates. "Its concern has been with getting, and holding, interests rates down."

Accordingly, the Government has not been an active seller of securities for some time, "letting the yield on its ordinary paper become (at 11 to 13 per cent) quite uncompetitive" and "seemingly content merely to sell what it can to the non-captive non-M3 private sector at those rates."

But *QP* shows there have been no such purchases.

And Government has been able to "sell" its ordinary securities only to the non-M3 captives — and its own corporations — "who have to pick up the stocks anyway under the minimum Government stock ratio requirements."

The non-captive private sector, in fact, has been a net seller of such paper, according to *QP*'s statistics.

"It is only the attractiveness of its inflation-adjusted savings bonds which has enabled Government to place securities voluntarily with the non-M3 private sector," the report says.

"Some $140 million worth of these bonds was sold last year and sales have speeded up to a current level of about $4.5 million per week."

But those sales were not enough to absorb all of last year's estimated $820 million internal cash deficit — and some $350 million of it had to be monetised.

According to *QP*'s figures, Government began loosening its grip on the growth in money aggregates late last year. Money growth turned around and had begun to grow at an annual rate of about 16 per cent by the first quarter of 1981.

The upward trend continues — "as has not been uncommon of recent election years" (see chart).

With the growth in real activity and a rising inflation rate, demand for credit probably would continue to grow, "given the system's current seeming ability and willingness to supply such credit at a more or less constant nominal interest rate," *QP* forecasts.

There were no changes in the June quarter cash injection which would arrest the growth trend, says *QP*.

The liquidity constraint implicit in the March tax payment drain was again largely offset by the Reserve Bank's compensatory deposit scheme and the usual June quarter cash budget cash injection, while the private sector's foreign exchange flow was up slightly (mainly because of a larger private capital inflow) in the June quarter, the NZIER reports.

"So overall, the June quarter saw a slight cash injection in the monetary base, thus accommodating the further increase in the growth of money aggregates and private sector lending (at constant interest rates) experienced in June."

QP foresees conditions easily enabling a growth in the money aggregates (M3) of about 20 to 25 per cent by mid-1982 — "the highest rate since mid-1979."

If this were allowed, the longer-term inflationary consequences seemed likely to push up interest rates. Indeed, QP already notes a trend to higher interest rates in the market.

"We expect that the steadiness will not long outlast the election and . . . interest rates will begin to rise early in 1982."

How Government financed the forecast $1150 million internal cash deficit would affect the extent and timing of the rise in interest rates, says *QP*.

"We think that monetising the deficit would, in the long run, cause the greatest increase (and one which would persist over the longest time span)."

The NZIER, therefore, sees a need to reduce monetary growth next year "to a more tolerable rate of around 16 per cent" and argues that — given current reserve ratio requirements — "this can be done if Government places $800 million in securities with the non-M3 private sector" — some 65 per cent more than last year.

While the NZIER recognises this to be a substantial increase, it does not expect it to cause (or require) a post-election credit crunch.

But "nor do we think it can be done without a more active interest rate policy."

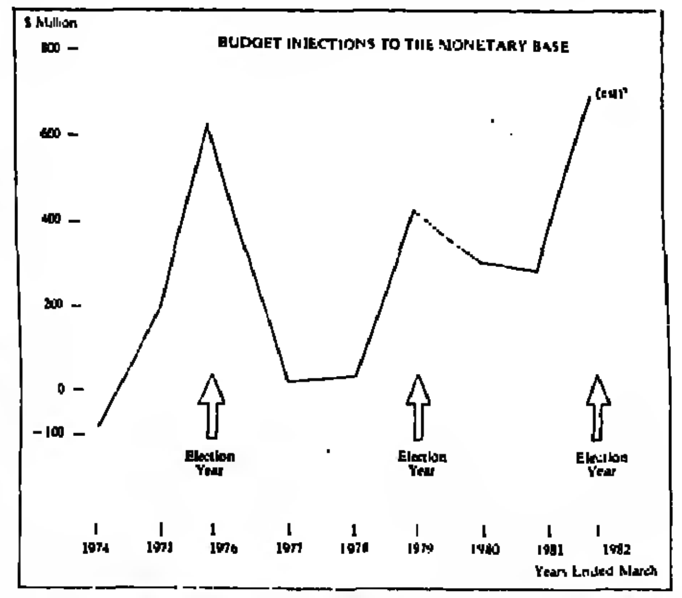
The recent rapid growth in sales of inflation adjusted savings bonds "is surely an indication that a large segment of the non-M3, non-captive segment of the private sector already regards an explicit interest rate of less than 15 to 16 per cent for medium-term paper as inadequate," *QP* asserts.

"To this must be added the effect of the different tax treatment of the implicit yield on these bonds and the explicit interest rate earnings on debentures and Government securities."

Muldoon may have other ideas. In his address to the Auckland Club, he said there was "no immutable law which says that interest rates and the rate of inflation should bear a constant relationship . . ."

While there was "a massive positive gap" in the United States, he said, it was "entirely possible that, in this country, there should be a negative gap from time to time, either induced by market forces or by deliberate Government policy."

He made clear he would not like to see a situation "where our financial intermediaries are locked into a pool of funds borrowed at high rates for long periods," and his advice was succinct: "to sacrifice a certain amount of competitiveness in the interests of long-term profitability overall."



Importing

Caxton takes issue with Oriental tissue

From Paga 1

The second round of import licence tenders for toilet paper, announced last week, open the way for a further $125,000 worth of toilet paper to be imported.

The $37,000 worth of Grcen Bamboo toilet paper due next month will be sold in Foodtown supermarkets. Foodtown said the 180,000 rolls would constitute only a week's supply.

But Caxton has been negotiating with Foodtown about the Chinese threat to Caxton's market.

Caxton managing-director Speneer denied rumours in importing circles that Caxton might buy the toilet paper in shipment and divert it to another market or buy it when it landed here and re-wrap it under the Caxton brand name. "That wouldn't be businesslike," Spencer said.

Caxton was concerned that the product was probably being dumped on the domestie market by China. "Because of the Chinese system this will be hard to prove," he said.

"However, Caxton does intend to investigate and take appropriate action.

"In view of Chinese imports, Caxton may have to modify some of its range of toilet issues to meet the competition.

"Caxton, to date, has been satisfied with the level of tariff protection from normal sources, although some doubts have now arisen with the proposed importation of toilet tissue from a low-cost country such as China.

"Caxton paper machine capacity for tissue products is substantially in excess of the New Zealand demand and projected demand for many years. The mill has recently been operating on reduced capacity due to the low intake of orders and any significant imports could return the company to this situation.

"Caxton questions the logie that the Government has encouraged the iroportation of tissue products whieh are manufactured in New Zealand from New Zealand resources when many other products that cannot be made in New Zealand have an unsatisfied deroand," he said.

But Greeo Bamboo tollet paper is different. And part of the Trade and Industry Department's reason for introducing the import licence tendering scheme was to introduce competition and give consumers a greater degree of choice.

Vic Percival, managing-director of Kelvin Industries, and New Zealand's most experienced China troder, discovered Green Bamboo brand on a trip to Chino and combined his import licence lot worth $12,500 with two licence lots held by Foodtown $25,000 to import the foreign product.

According to Percival, Green Bamboo was not only cheaper than Caxton's products even after paying 25 per cent duty, but it had some superior qualities. Made from pure cotton waste from Chinese spinning mills, the paper was both soft and tough enough to prevent fingers going through, he said. "Its a big seller in Europe," he said.

Foodtown's Gordon Harris was unwilling to comment on negotiations with Caxton regarding Green Bamboo toilet paper. "We have only one week's supply coming in. I don't want to blow it out of proportion," he said.

Harris said there would be little difference in price between Green Bamboo and Caxton's Purex and Swansdown toilet paper. "We won't have it re-wrspped. We'll sell it as it is," he said.

Caxton's toilet poper sells here for about 40 eents a roll — just over double the price an American would pay for toilet paper.

The first round of toilet paper import lieence tenders showed up some of the anomalies in the tendering scheme.

Trade and Industry offered 10 $12,500 lots of toilet paper licences for sale.

L D Nathan successfully tendered for two lots at $6250 each. Bing Harris Sargoods bought one lot for $2000, Foodtown two lots for $750 each, Kelvin Industries one lot for $629, and Dominion and Overseas Agencles two lots — one for $202 and the other for $102.

All lists of licences were of equal value. But Nathans offered to pay more than 60 times the price paid by Dominion and Overseas ageneies.

Trade and Industry assistant secretary (Industries) John Belgrave said tenderers paid what they figured the market would bear. The wide variations in prices paid for licences in the first round would probably settle down in round two and subsequent rounds as importers learned the value of an import licence from experieoce, he said.

Tenderers who bid for a licence but didn't pay up and pick up the licence would probably be debarred from participation in future rounds as would importers who bought a licence and didn't use it up to at least 75 per cent of its value, he said.

Nathans, which topped the bidding offering to pay Government $6250 for the right to buy and import $12,500 worth of toilet paper, is not anxious to pick up its licence.

Nathan (Wholesale) director, Gerald Rengatch, said: "There was a foul-up in the item codes. We meant to bid for exercise books but won a lieence for toilet pnper on which we would have to pay 40 per cent duty. It's our own fault. But it is the same tariff code. We're doing battle with Trade and Industry now," he said.

Dominion and Overseas Agencies managing director Ian McCorkindale said his licence was being used to bring in novelty toilet rolls; paper for "half-assed golfers, painters, etc . . . the roll is only half sized, split down the middle, so it's a very nasty thing to use," McCorkindale said with a wry chuckle.

McCorkindale also has crossword toilet paper for the contemplatively constipated, and follow-the-dots toilet paper. These printed papers go for $8 a roll and the half-sized paper for $5.50 a roll.

Neither constitute a threat to Caxtons, specially as they carry a 45 per cent duty.

NBR called Bing Harris Sargood's divisional manager Stan Lambert to find out what he was going to do with his toilet paper licence.

"There's been no movement yet," he said.

"Don't you think we ought to rephrase that?" *NBR* asked.

"No," said Lambert with a muffled laugh, "I initially told our reps we would wipe the market with the stuff."

Lambert said he initially looked at novelty toilet paper such as the half-sized paper he saw in Australia for $3.50 a roll, but found supplies too expensive and duty rates too high. But, he said, he had a year to find a suitable product and import it.

Caxton has no bones to pick with imports of novelty paper — only the Chinese paper was competitive with Caxton's products, Spencer said.

But considering the high price paid straight into Government coffers just to obtain an import licence, duty rates of 35 to 45 per cent, and markups, cost of licence, freight, insurance, duty and so on, consumers might find it cheaper to burnish their bottoms with the local product even if it is made from pure Chinese cotton. It's a case of soft, medium, or whoops — too dear.

Sharemarket

Seeing the wood for the trees in forestry sector

by Klaus Sorensen

THEY say every oction has its reaction — but in the sharemarket it seems every acrion has its over-reaction.

The loss of confidence in the former standard-bearers of the sharemarket's great leap forward — the forestry stocks — is the best example of this phenomenon in the current market.

Threats to forestry export incentives have sent investors scurrying for the safety of the secure industrials and the more adventurous second line companies.

But shrewd investors are now beginning to realise this is the time to get back into the Fletcher Challenges, the Forest Products, and the Carter Holts.

And even if you can't think of o justification for this course it doesn't necessarily matter.

In a cyclical sharemarket like New Zealand's, there is no better advice than to buy when everyone else is selling — and, of course, vice versa.

From a historical point of view these shares are eheap and became even cheaper at the end of last week when priees again slumped. The main reason for this latest weakening appears to be the time the unneeessarily drawn out NZ Forest Products cash issue is taking to get over and done with. But so long as the sharemarket doesn't move significantly downward the forestry stocks must soon enjoy a recovery in relation to the rest of the market.

The forest incentive threat from the Prime Minister is beginning to be seen by some industry heads and Government observers as having diminished in importance — the most popular opinion is that the threat has succeeded as an election gambit, and can now be left alone to quietly fade into the background.

If that is true a recovery of confidence in forestry stocks will soon occur, and could yield handsome gains to those prepared to take a punt.

The NZ Forest Products share price is now nearly a dollar below its 1981 high of 449c due to the pressure exerted by the $35 million cash issue, but once the issue is out of the way NZFP ought to move up to a yield and price earnings ratio more in tune with the market's historical assessment of the company.

But the moin pressure has been on Fletcher Challenge whose shares are more than 50c down on their 289c peak. In spite of the analyst's reservations about the company's rather guarded profit announcement, there is little wrong with the company's $90 million profit before capital items — not to mention the 6.25 per cent dividend yield or 6.3 price esrnings ratio.

But Fletcher Challenge did enjoy export tax credits in the order of $30 million, and while the threat of their removal remains, investors will steer clear of the market's No 1 stock.

The export tax bogey has had a similar effeet on Carter Holt with its heavy emphasis on exporting.

At $3.82, this eompany's shares are well below the $5 peak of earlier this year.

The Prime Minister sprang his little surprise on the industry in his Budget, when he suggested that forestry export incentives should be reviewed. He said he would await the Forestry Conference working party report into the financial implications affecting the industry, so he could make a study of the current structure of incentives affecting the forest industry.

Then, at a Wellington Chamber of Commerce luneh he suggested he meant business when he said he eould see no point in awarding export incentives to industries which had little choice but to export.

Since then there has been a growing feeling that the Government will not single the forest industry out for particular attention — instead preferring to make a complete review of export incentives with the intention of complying with the Gatt code of subsidies to which New Zealand became a signatory two weeks ago.

New Zealand got a special type of deal from the major baekers of Gatt — the United States — in that our export incentives can stay in place for the time being even though they are quite contrary to the code.

We now have the benefit of an "injury test" which overseas domestic competitors must undergo if they want to protest at the methods with which New Zealand exports its goods.

Previously United States domestic manufacturers and primary producers could succeed in having countervailing duties imposed on New Zealand imports just by proving the existence of our export incentives.

Now the Americans must prove they are disadvantaged by these subsidies.

One of the main arguments used by New Zealand in seeking an exclusion from the strict letter of the Gatt law on incentives was apparently that New Zealand export incentives are a legislative fact at least until 1985, and so couldn't be dismantled or varied until that date.

And that is certainly the strongest plank in the foresters' platform for continuing the incentives.

They hove a number of arguments in favour of retention of incentives, and elaim the massive upsurge in wood supplies towards the end of this decsde and in the 1990s means export incentives will have to play a big part in allowing capital formation and retention to finance the processing capacity of the industry.

But foresters are under little doubt as to why the Prime Minister suddenly turned on them.

Feeling in the farming community about the alleged forestry land grab is running high, and groups such as Federated Farmers have naturally chosen an election year to pressure the Government to curb what they see as the export incentive-financed encroachment of forestry on to farm land.

Chief culprit in the farmers eyes is Fletcher Challenge which they see as riding high on the export incentives of its subsidiary Tasman Pulp and Paper.

The thought of Wrightson NMA not having to pay tax because of its merger with the forest processor makes them see red.

And, apart from the conspicuous export incentives which reduce FCL's tax bill, the farmers point to Tasman's concessionary stumpage for state timber and cheap electricity as other unfair advantages.

The forestry conference played its hand particularly cleverly in this respect.

Its recommendations were, on the face of it, pretty much watered down.

The conference said it saw no great inequality between agriculture and forestry and recommended that incentives stay as they are except for a possible transfer of some benefits from wood processing towards forest establishment and maintenance.

The conference suggested that any alteration or removal of forestry incentives should be balanced with a currency realignment. But while the forest industry would not mind such an alteration, the conference's sting in the tail was its suggestion that a currency realignment would benefit farming, and so by rights some incentives should be taken from the farmer to maintain parity.

And that would be a foolish move in an election year.

The conference also suggested that a committee be set up with Treasury to look into this, and other points.

So the conclusion reached by many forest industry people is that a move on export incentives seems unlikely before the election.

What's more, the importance of changing forest export incentives will diminish after the election, and any decision will be delayed by the forestry conference Treasury study.

Interestingly, one major forest concern carried out an investigotion of Government assistance to the two sectors — and discovered that in terms of direct assistance related to exports they rank almost exactly equally.

However, it is equally clear from the exercise that indirect assistance to agriculture in the form of personal tax write-offs, departmental support, farm loan assistance, cheap producer board loans and supplementary mninimum prices, ranks far ahead of the indireet assistance received by forestry.

Total Government assistance expressed as a proportion of the total value of exports for the March 31 1981 year shows direct Government assistance to agriculture, at $424 millioo, is equivalent to 10.8 per cent of total exports of $3923 million.

In the case of forest products, Government assistance of $60 million is equivalent to 10.4 per cent of total exports of $574.7 million.

But the study makes the point that comparing the percentage of exports to incentives is misleading because a much higher proportion of total forest products output is consumed domestically than is the case in the agriculture industry.

This distorts the comparison by understating the size of the forest products industry, so a better example is to compare export incentives with the total value of each sector's production.

For agriculture this shows direct Government assistance of $424 million is equivaleot to 9.4 per cent of total production of around $4500 million, while Government direct assistance to forestry at $60 million is equivalent to a much smaller 4 per cent of total industry production of $1490 million.

Finance

The business week

Allied Farmers Co-operative Ltd: consolidated audited profit after tax for the year ended August 1, 1981 was $3,073,000 (last year $2,717,000) A final dividend of 12 per cent (last year 11 per cent) will be paid at the AGM on November 5.

Alloy Steel Ltd has 96 per cent acceptance and approval from the examiner of commercial practices for its takeover proposal for Farra Dunedin Engineering Ltd.

ANZ Banking Group Ltd: further entitlements under the staff share purchase scheme have been taken up, making total issued capital of 44,434,000 shares with 44,223,300 paid up.

Atlas Majestic Industries Ltd: accounts sent out for the year ended March 31, 1981 include notice of an extraordinary general meeting. The purpose of the meeting, on October 15, is to amend the company articles to meet stock exchange requirements and current practices and to increase the company's authorised capital from $5 million to $10 million.

Arthur Barnett Ltd: unaudited net profit after tax for the 13 months ended August 1, 1981 (change of balance date) was $937,000 (last year for 12 months $737,600). A 1-for-4 bonus issue will be made and a final dividend of 9 per cent will be paid on the total issued capital, including the bonus issue. The AGM will be held on November 4.

Bank of New Zealand obtained consent of the examiner of commercial practices to continue with its offer for additional shares in BNZ Finance Ltd. After an independent assessment of the share value, BNZ chairman Lew Ross said the revised offer of $4.20 a share was generous and was now unconditional. The "don't sell" notice on BNZ Finance shares was lifted.

BNZ Finance Ltd: interim dividend of 8.5 cents a share for the year ended March 31 will be paid tax-free to shareholders who so elect.

Henry Berry Ltd: after a query from the chairman of the Auckland Stock Exchange directors said they knew no reason for increases in the company's share value or the large number of Henry Berry shares being traded in recent weeks.

Bridgevale Mining Ltd has entered into a "farm-in" agreement with three Australian public companies over four oil leases in Texas. Bridgevale will hold a 25 per cent interest in the venture.

Brierley Investments has acquired 23.4 per cent holding in Hawkes Bay Farmers Co-operative Association Ltd. At the same time HB Farmers reduced its 30 per cent holding in Cooks NZ Wines to 25 per cent after selling 5 per cent to Brierley.

John Burns and Co Ltd: consolidated unaudited net profit for the year ended June 30, 1981 was $978,895 (last year $2,086,278). No tax was payable in either year. The company is going through a restructuring period with "a continuous reappraisal of operations." A final dividend of 8 per cent is recommended.

Capital Life Assurance Ltd: interim dividend of 6 per cent for the 12-month period to January 31 will be paid on October 26.

Arthur Ellis Holdings Ltd: audited net loss, accounting for tax credits, for the year ended June 30, 1981 was $535,444 (last year $1,235,000 loss). Directors said there had been a recent improvement but again no dividend would be paid.

Paterson and Barr Finance Ltd directors said more than $300,000 had been received under Prospectus No 4 and oversubscriptions up to a further $200,000 were being accepted. Rates of interest have been increased — for one year 15.25 per cent (formerly 14.5 per cent), two years 16.25 per cent (15.5 per cent), three years 16.25 per cent (15.75 per cent) four and five years 16.25 per cent (15.5 per cent).

Phillips and Impey Ltd: following approval at an extraordinary general meeting and finalisation of the merger, the enlarged group is now James Hardie Impey Ltd.

Selby Shoe Co Ltd: unaudited consolidated net profit after tax for the six months ended July 31, 1981 was $150,783 (last year $181,562). An interim dividend of 9 per cent will be paid on October 28.

The examiner of commercial practices approved H W Smith's acquisition of all the shares in Motor Traders (NZ) Ltd and the subsequent transfer of assets in Ace Traders and MTI Manufacturing Ltd to Andrews and Beaven Ltd.

Wilson Distillers Ltd was removed from the list following virtual completion of the Greggs Ltd takeover.

Yates Corporation Ltd: directors have allotted 200,000 fully paid up ordinary shares in part payment of the purchase price of two farm properties.

Economic indicators

RETAIL sales for July were more than 20 per cent higher than for July last year, according to the Department of Statistics. Total value of sales was $791.8 million. Groceries and dairy products were the largest single category with just on $200 million sold in July. The increase in value over July last year is 22.6 per cent (after corrections for seasonal changes in purchasing patterns and number of trading days the figure drops to 20.9 per cent).

FCL dividend okayed

A LEGAL hitch which could have stalled the payment of a $33 million ordinary dividend by the country's largest company, Fletcher Challenge Ltd, seems set to be resolved with the introduction of special legislation into Parliament late last week.

The Government introduced the Finance No 2 Bill into the House last Thursday. It includes a clause which would validate the payment by Fletcher Challenge of an effective 30 percent dividend from tax-free pre-merger sources.

Finance Minister Rob Muldoon wouldn't be drawn by Opposition questioning into acknowledging if Fletcher Challenge had requested such a provision.

The clause covered other companies, including the merged New Zealand Insurance and South British, he said.

The legislation will facilitate Fletcher Challenge's dividend payout of $32.8 million for the ordinary shares and $3.5 million for the preference shares recommended by directors for approval at the annual meeting in November.

It makes irrelevant to New Zealand a British High Court decision last year which held that dividends may never be paid out of pre-acquisition profits (profits arising before the date of a merger) irrespective of whether the "purchase" or "pooling of interests" method is used to account for the new business entity (*NBR* last week).

Pooling of interests results in no share premium account being set up in the new company to take account of the "fair value" of the assets being acquired.

The new legislation has been sent to a select committee for consideration.

Stock Exchange weekly review

FOR WEEK FRIDAY SEPTEMBER 18 TO THURSDAY SEPTEMBER 24

	Last sale	Week's high	Week's low	Turnover
Airwork, 50c	100	---	---	0
8% pr	125	---	---	0
Alex G K N	405	405	405	300
Alcan, 50c	170	170	170	4100
A H I	288	288	287	5100
Alliance, 50c	140	150	140	12700
12% conv pr	130	130	130	1200
Alliflex	160	180	150	24600
Allied Farmers	350	355	350	7500
12% conv pr	375	375	375	400
Alloy Steel	225	---	---	0
A M Bisley, 50c	235	240	230	4800
Ampol Pet, 50c	247	---	---	0
A Beaven	147	148	146	24500
11.5% conv pr	130	132	130	500
18 con pref	140	---	---	0
Andas Group	168	170	166	1100
5-8.5% pr	40	40	40	4400
12% conv pr	130	---	---	0
ANZ Banking Group	362	380	362	17200
A Wright	370	---	---	0
'A' 8-7.5% pr	70	70	70	800
'B' 5-8% pr	60	---	---	0
A Barnett	385	385	385	300
A Ellis	80	88	80	6300
Ashby Bergh	368	366	500	0
A B Cables	335	---	---	0
Atlas, 50c	66	72	88	6300
10% conv pr	66	70	67	3400
Auck Gas	275	275	270	500
Aurora, 50c	255	260	255	15600
10% conv pr	280	280	280	1500
14% conv nte	160	---	---	0
A C I	270	---	---	0
Autocrat Sanyo	315	325	315	2600
Baillie, 50c	79	--	--	0
Ballins, 50c	125	128	125	23700
11% conv pr	115	115	113	1600
Bank NSW	545	545	545	3500
Beach Pet, 50c	445	---	---	0
Bendons,	160	166	160	26000
Bing Harris, 50c	110	115	110	53100
B N Z Finance	416	420	415	7250
Bridgevale Mining	112	114	112	18500
Brierley, 50c	470	480	470	33600
16.75% spec pr	100	---	---	0
Bos, 50c	95	95	85	31400
B H P, 200c	2150	2150	2150	300
Brother, 50c	100	---	--	0
Bunting, 50c	245	247	240	14400
C P D	335	335	330	20300
10% conv pr	380	---	---	0
C F M	355	355	350	900
12% conv pr	220	220	215	1400
Cant Flour	220	---	---	0
Cant Timber	450	450	335	353100
12% conv deb	330	330	325	7400
Capital Radio, 25c	115	115	115	500
Capital Life, 50c	105	105	105	1100
Carbonic Ice	280	280	280	200
Carter Holt	385	385	380	18800
CBA Finance, 50c	340	340	330	6800
CCL	265	280	285	7800
Ceramco	253	255	253	27500
12% conv pr	170	170	170	300
18% red spec pr	400	---	---	0
Chenery	320	340	320	11700
Ch'ch Gas	300	300	300	400
Ch'ch Press	400	---	---	0
City Realties, 10c	55	--	--	0
Clyde Group	125	---	---	0
12% conv pr	120	---	---	0
Collingwood, 50c	60	60	60	800
13% conv pr	54	54	50	1800
Col Motor	315	315	310	1200
Colyer Watson	110	110	102	900
Comalco, 50c	235	235	235	100
Command	235	235	230	44200
Con Metal, 50c	173	173	168	2400
conv pr	195	186	185	100
Con Minerals, 4c	18	19	18	7100
Cooks Wine	120	122	120	3900
Cory-Wright	200	200	200	300
12% conv pr	228	---	---	0
18.25% conv pr	200	---	---	0
Crown Consolidated	240	242	237	14100
11% conv pr	218	218	218	400
C S R	883	883	883	3100
Cue Energy	20	20	18	113000
Options	10	10	8	188400
Dalgety (NZ)	285	285	288	3300
Dalhoff & King, 50c	80	82	80	8800
Dasani	175	175	175	3100
D I C	218	218	218	14300
12% conv pr	167	---	---	0
Dingwall & Paulger	280	280	290	1800
D McI Wallace, 50c	88	100	88	21200
12% conv nte	85	85	85	400
11% nts '82	102	102	102	500
Dom Brew, 50c	117	118	118	66100
5% pref	80	--	--	0
11% conv pr	77	77	77	800
Donaghy's	170	170	180	4100
12% conv pr	170	170	185	4700
D R G, 50c	105	105	105	2300
Dunlop (NZ)	375	375	375	300
4.5% pr	55	---	---	0
Ebbett	150	150	150	400
Ebos, 50c	130	130	130	2200
E Lichtenstein, 50c	385	400	385	8000
Emperor Mines, 10c	178	---	---	0
Endeavour	185	200	180	4700
E Adams	230	---	---	0
Europa pref nt	82	--	--	0
F T C, 50c	183	138	133	88300
11% conv pr	107	107	107	1500
F Walmak, 50c	85	85	85	1800
Feltex, 80c	178	178	178	52800
5% pr	40	40	40	8800
18% pr	177	177	178	1800
Firestone NZ	137	140	137	3000
Fisher & Paykel	318	323	315	12800
Fletcher-Challenge	230	240	230	180200
18% conv pr	103	108	102	800
18% conv pr	403	403	400	8200
Fountain Corp	110	110	110	1200
Foveaux Radio	80	80	80	800
Freightways, 50c	182	188	182	52000
10% conv pr	150	180	150	100
Gear Meat	87	87	87	1200
11.5% conv pr	62	--	--	0
G Court	170	170	170	800
G J Coles, 50c	400	---	---	0
Golden Bay, 50c	70	70	88	33500
Goodman Group	210	210	205	28100
14% conv pr	205	205	208	3500

	Last sale	Week's high	Week's low	Turnover
Grosvenor Props	80	--	--	0
Hellaby	288	268	268	800
Heureka Enterprises, 25c	146	150	146	16500
Hawkins, 50c	107	110	107	10400
6.5% pr	26	---	---	0
H B Farmers	282	282	280	3800
13% conv pr	160	---	---	0
Healing	175	185	172	16000
12% conv pr	200	200	200	1200
H Pollard	230	230	230	500
10% conv pr	400	---	---	0
Henry Berry, 50c	202	215	200	14400
Holeproof	250	250	250	5400
Hume Industries	180	190	190	500
5-7.5% pl pr	40	40	40	10300
I C I (NZ)	210	218	210	2100
Ind Broadcasting	90	82	80	400
Independent News	167	166	167	6500
Ind Chem, 50c	225	225	225	100
I Watkins-Dow, 50c	215	215	215	1000
J Hardy Impey,	273	275	270	56600
James Smith, 50c	66	66	65	600
14% conv pr	80	--	--	0
12% conv pr	54	--	--	0
J Burns	96	105	90	30800
14% conv pr	220	---	---	0
John Edmond	240	240	240	500
J Webster, 50c	80	85	80	6400
12% conv pr	65	85	65	800
J Nathan	150	150	150	100
J Rattray	254	254	254	2800
12.5% conv pr	210	---	---	0
L W Rudkin, 25c	95	95	93	44800
12% conv pr	126	130	126	1300
Lanes, 50c	122	125	122	8300
L D Nathan	240	240	230	31700
6.5% conv debs	227	---	---	0
15.5% conv pr, 80	212	---	---	0
Leyland, 50c	170	170	170	2100
Lion, 50c	181	181	156	69000
10% conv pr	186	186	184	3700
12% conv pr	130	130	126	5000
L & M Oil, 50c	32	34	31	3700
Lustaroid	240	---	---	0
Mainzeal Corp, 50c	220	220	220	2800
15% conv pr	120	---	---	0
Mair, 50c	325	330	325	1400
11% conv pr	350	350	350	300
Manawatu Knit, 50c	110	---	---	0
Manawatu Radio	118	120	117	1500
Manthol	215	---	---	0
Marac	195	195	195	5200
McAlpine, 50c	130	130	130	1200
McKechnie	230	---	---	0
Midland	220	220	220	100
11% conv pr	205	205	205	200
Min Resources, 20c	92	96	90	22700
M O'Brien, 50c	82	87	80	1800
12% conv pr	58	--	--	0
15 conv pr	51	--	--	0
Montana, 50c	149	150	145	8800
M-P I M	215	216	215	1100
Motor Holds, 50c	177	185	177	8700
Motor Trad, 50c	80	--	--	0
5-8% pr	82	--	--	0
11.5% conv pr	82	--	--	0
MSI Corpn, 50c	85	100	85	41100
12% conv pr	96	88	85	4400
Mt Cook	220	230	220	11300
conv pr	182	182	180	2600
M I M Holds, 50c	778	---	---	0
Nat Insurance, 50c	322	322	320	12300
Naylor	145	---	---	0
5% pr	30	---	---	0
Nell Holdings, 50c	88	80	88	38800
N Z Cement	130	130	130	8500
N Z F C, 50c	155	155	153	7800
11% conv pr	142	142	142	300
N Z Farm Fert	210	220	210	54800
12% conv pr	200	200	180	1200
14% conv pr	175	175	175	2400
N Z F P	342	351	342	45350
N Z I G	420	422	420	1050
NZI 10% conv pr	245	245	245	400
N Z Light Leathers	52	53	50	5800
N Z Motor Bodies	75	80	75	9400
N Z M C	191	181	180	128100
N Z News	238	240	237	4800
N Z Petrol, 50c	250	250	250	2300
N Z Refining	158	158	155	8100
NZSB	88	88	85	382400
N Z Steel	218	222	217	34800
N Z United	580	580	580	200
Nuhaka	200	200	200	800
Odlins, 50c	84	84	83	71800
'A' 8% pr	20	20	20	8900
12.5% conv pr	88	70	88	1200
'B' 13% conv pr	70	70	87	1500
16% con notes	114	115	112	160400
Optical	80	--	---	0
12% conv pr	48	--	---	0
Otago Press & Prod	178	176	178	100
Pavrec Holdings	240	---	---	0
P D L Holds, 50c	310	310	310	5400
Perm Invest	95	85	85	500
Printing & Packaging	205	205	203	8800
11.5% conv pr	178	180	175	1500
Progressive	183	185	178	44800
12% conv pr	410	410	410	700
Prep Securities, 50c	250	---	---	0
Prud Building	120	120	120	2000
Quill Humphries, 50c	115	---	---	0
12% conv pr	110	---	---	0
Radio Avon, 25c	130	130	130	800
Radio Otago	100	---	---	0
Regina	185	---	---	0
R & W Hellaby	102	108	100	43800
Reid Farmers	410	410	410	1000
Repco (NZ), 50c	84	84	84	21800
Revertex	325	---	---	0
Rex Consol	330	330	330	4000
15% conv pr	180	180	180	4000
Rheem, 50c	158	170	185	7900
Rothmans, 80c	184	185	184	14400
R W Saunders	315	318	315	700
Salmond	240	240	240	8200
Sanford	370	---	---	0
pr	855	370	885	1600
12% conv pr	330	340	380	8400
12% 'B' conv pr	330	330	200	0
Schofield	210	210	205	3300
Scott, 50c	100	102	100	90100
12.5% conv pr	82	92	82	800
Selby	285	---	---	0
Skellerup, 50c	350	356	350	8200
5-7.5% pr	40	40	40	10400

	Last sale	Week's high	Week's low	Turnover
Smith Bloleb, 50c	160	160	160	100
12% conv pr	175	175	175	500
Smiths C M	212	212	210	2800
Sthn Cross Hotel	232	235	230	7400
Sthn Cross Mins, 20c	41	41	40	38400
S F M	282	294	292	32300
Spedding, 50c	75	75	73	13800
12% conv pr	78	---	--	0
Steel & Tube, 50c	138	140	134	26000
Suckling	185	185	185	400
Taylors	155	---	---	0
12% conv pr	160	---	---	0
Teltherm	182	182	160	1900
12% conv pr	145	145	146	100
T J Edmonds	280	280	280	3800
Tolley	185	190	165	1800
Tourist Corp of Fiji	40	40	40	800
Trans Ashburton, 50c	82	82	82	200
TNL Group, 60c	117	118	117	35400
10% conv pr	85	98	85	1100
12% conv pr	107	107	107	7100
Trans (Nth Cant)	142	---	---	0
13.5% conv pr	115	115	115	600
15% conv pr	115	---	---	0
U E B, 50c	112	115	112	26800
8.5-7.5% pr	120	120	120	3800
12% conv pr	103	103	103	5400
15% conv pr	80	62	60	2400
United Bldg	125	---	---	0
United Publishing, 50c	305	---	---	0
Vacation, 50c	82	84	92	4500
12% conv pr	85	--	--	0
12.5% conv pr	75	75	75	100
Visionhire,	125	130	125	12200
Waitaki-NZR	246	250	246	44600
11.5% conv pr	210	210	210	3100
Walker & Hall	480	---	---	0
Wattie, 50c	182	193	190	18100
12.5% conv pr	110	112	110	3200
18% conv pr	186	166	166	1700
Watoes	420	---	---	0
Westbridge	210	210	210	000
Wilkins & Davies	325	325	325	2300
5.75-7.5% pr	85	65	80	7220
W Jellery	180	180	180	1000
12% conv pr	140	140	140	400
Wilson & Horton	445	445	440	1600
Wilson Distillers	155	---	---	0
Wilson Neill	104	106	104	7200
12% conv pr	155	---	---	0
Winstone, 50c	70	75	70	281500
12% conv pr	55	55	53	40500
W'Wths (NZ)	73	73	73	700
Wormald	330	---	---	0
5-7.5% pr	100	100	100	100
W Sutherland	112	---	---	0
Yates Corp	405	410	405	8450
12% conv pr	180	---	---	0

National Business Review . . . respected, but unloved round the nation's boardroom tables

Finance

From Page 1

Citibank gets go-ahead from Govt

the controversial Mobil synthetic fuel plant in Taranaki.

And it came just a fortnight after news of another new merchant bank to be set up here — the French-based Indo Suez NZ Ltd, owned by parent Banque de l'Indochine et de Suez, which will have New Zealand producer board participation.

News of the Indo Suez venture created some confusion in financial circles when it was revealed in *NBR* (Sept 14).

And, in an increasingly competitive market, the local capital market questioned the need for another overseas banking organisation in New Zealand.

Unquestionably, capital is a scarce resource and will become more so as the energy-based and other large-scale industrial projects move into the construction phase.

But, with four of the five trading banks already owned by overseas organisations — the exception being the Bank of New Zealand — some financiers argue that a rearranged local finance industry, concentrating on filling market gaps, is the answer rather than imported organisations controlled by yet more overseas interests.

One highly-respected Wellington banker, when news of the Indo Suez deal broke, accused the Government of arranging "a secret deal" to set up the new merchant bank.

Confirmation of the Citibank rumours will do little to alleviate that feeling.

Citibank itself is the major subsidiary of Citicorp. In turn, Citibank owns a large number of subsidiary operations and operates in 94 countries. It carries on a continuing rivalry with the equally-massive Bank of America as the world's largest commercial banking operation.

Citibank has had a "watching brief" office in Auckland for about a year. As such it has competed with other international banking organisations for a share of the big capital-intensive projects on the Government's "Think Big" drawing board.

That presence was paid back with interest last week when the financier was able to announce the synthetic fuel financing deal — the largest borrowing yet undertaken for a project in New Zealand, worth $767 million (plus or minus 20 per cent) at current Synthetic Fuels Corporation estimates.

Overseas Investment Commission (OIC) approval to establish a merchant banking operation here will ice the cake.

Citibank must yet get Federal Reserve approval from the United States, a requirement for any United States corporation wanting to acquire an equity position elsewhere in the world.

However, Anderson told *NBR* last week that he regarded this as "basically a formality".

Actual capital involved is still to be determined; Citibank is looking at "a certain figure" but would not disclose it. Anderson said the new venture would, however, be "a small operation".

"We have two options: we could go public or we could look for private placement." The former, while superficially unlikely, may turn out to be the option Citibank chooses – through necessity rather than choice.

New Zealand's finance market has expanded rapidly in recent years to the stage where, as one well-known Wellington banker said, "the good guys are already in."

Penfolds fights back

PENFOLDS Wines (NZ) Ltd is trying to clean up the financial wreckage caused by the flavoured wine controversy.

The $2.5 million public sharefloat that was to provide sorely needed equity finance for Penfolds' major expansion plans has been cancelled in the wake of the Health Department seizure of the company's bulk wines.

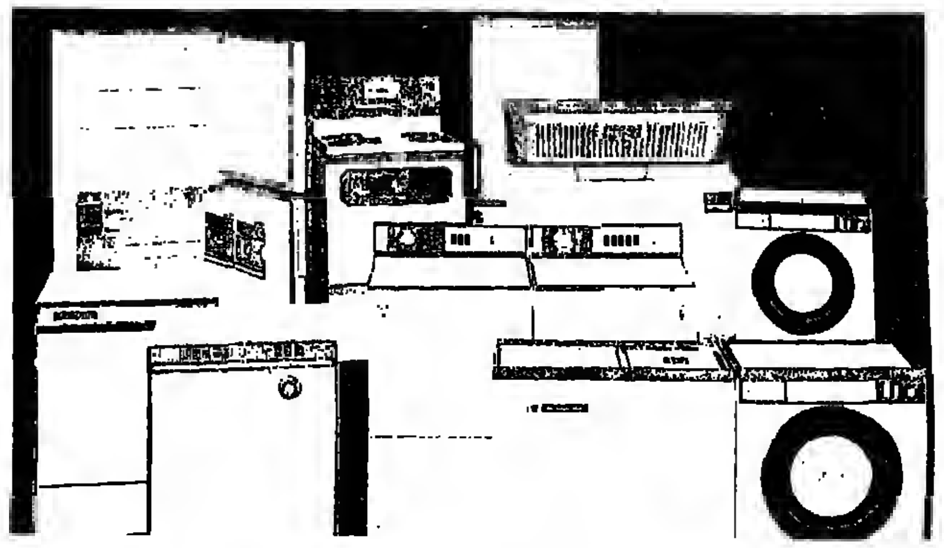
Penfolds' financial controller, Bruce Munroe, said the possibility of Penfolds going public in the forseeable future was remote. Instead approaches were being made to private investors for the $2.5 million equity.

Debt finance might also be needed, Munroe said. "If it takes too much time to put together our finance package some form of bridging finance will be needed," he said.

Retailing

Appliance dealer challenges F and P supply ban

by Klaus Sorensen



OTAHUHU appliance dealer Rick Hadlow has had enough of being denied supplies by the giant appliance manufacturer, Fisher and Paykel Industries Ltd.

Hadlow, managing director of Brian Fairlie Television, intends to seek Commerce Act help in his attempts to become a Fisher and Paykel retailer.

He has formally complained to the Department of Trade and Industry over Fisher and Paykel's refusal to supply his firm after three years of repeated requests.

He is confident the office of examiner of commercial practices Alan Monaghan will find he has a case under the Commerce Act.

Hadlow told *NBR* he was prepared to go through a Commerce Commission hearing to establish, that he is entitled to supply a competitive range of appliances.

His firm has grown rapidly in eight years from 3 to 7 suburban stores. But he says it has been hamstrung by being denied a range of Fisher and Paykel appliances.

He stocks Champion, Shacklock and Atlas appliances — but the closure of the Atlas consumer appliance manufacturing operation earlier this year has left him without a range of refrigerators. He has Bonaire freezers, but the latter firm sells only a small 2.5 cubic foot domestic refrigerator.

Hadlow says that despite repeated requests for supplies, Fisher and Paykel is sticking to its exclusive franchise arrangements whereby its dealers may stock only Fisher and Paykel products — and no one outside that circle can buy the Auckland manufacturer's appliances.

Hadlow met Fisher and Paykel executives just over a week ago.

"They again refused to supply me, and while they gave all sorts of reasons, they basically aren't prepared to change anything that has been laid down 47 years ago," he said, referring to the franchise agreement system.

"They told me I was number 57 on the list of dealers who wanted to be supplied. Basically they told me the same thing three years ago — word for word.

"They said the door was not closed and they would still like to have me as a dealer at some stage, but now I'm ready to go to the Commerce Commission, I'm sick of it."

Gary Paykel, F and P's marketing director, told *NBR* the situation was not a new one. "We've been called to account before," he said.

"We have told Hadlow, as we have told every other applicant in the Auckland area, that we have an adequate spread in the marketplace, giving all the service we think the public is entitled to.

"It wouldn't mean a positive increase in business for Fisher and Paykel to give more franchises than we already have," he said.

Hadlow said he has had a case before the trade practices division of the examiners office for about three years, though it had been "revamped" earlier this year.

He said he had recently written to Trade and Industry seeking a decision on whether he had a case.

"Fisher and Paykel told me in no uncertain terms they would fight it to the death. They said if it was good enough for Kentucky Fried Chicken and Pizza Hut to have a franchising arrangement, it was good enough for them," he said.

"But the main issue is that I can't get whiteware — and as a result I have also asked for a special licence to import the product.

"I want the product and I won't rest until I get it — even if all the other guys in the industry want to sit on the fence.

"I don't want to go down the road because somebody else has got a monopoly.

"The Commerce Act says they can't refuse to supply me and I am 99 per cent sure I've got a case, because it just isn't in the public interest."

The director of commerce in the examiners of commercial practices office, Jim Stevenson, confirmed that his office had received a complaint from Brian Fairlie Television. He said it was "under investigation".

Asked if there were other complaints, Stevenson replied: "That's the complaint we are investigating at the moment."

Stevenson said no decision had been made on whether Hadlow had a legitimate complaint.

The examiner's office administers the Commerce Act and deals with trade practices complaints.

Analysing annual accounts: Mineral Resources

by Klaus Sorensen

MINERAL Resources NZ Ltd may have made its most important discovery to date — a guaranteed minimum share price.

Shareholders of the Auckland explorer who read the fine print in the annual report will be surprised to discover the company has come up with an incentive scheme for the managing director to work hard to keep the company's share price above $1.

At least that's the way chairman Dr John Watt sees it.

The report includes a notice of extraordinary meeting which will consider five special resolutions including one which would allow the company to grant options to the managing director, Jack Barbarich, to take up 300,000 shares in each of the next five years, at a $1 purchase price.

Watt explains in an accompanying message that "your directors have given lengthy consideration to employee incentives. That for Mr Barbarich is placed before you because he is the managing director of the company.

"The figure of $1 a share was decided upon when that was in excess of the market selling price. There is an incentive to Mr Barbarich to ensure that all your shares have a market price of more than $1, otherwise there is nothing for him in these options."

Though this is not unusual, being basically the same principles as any executive share purchase scheme, Mineral Resources shareholders have experienced wild fluctuations in the value of their investment over the last year, so any method of stabilising and maintaining the company's share price is bound to be welcome.

The company has traditionally produced the best report of the listed miners and the latest effort ought to shame some much larger industrials, in terms of detailed disclosure.

But despite its efforts, Mineral Resources seems to share a "boy who cried wolf" problem with its contemporaries.

Public disenchantment with the mining stocks stems from the collapse of the Australian mining boom, and Mineral Resources seems to have difficulty in communicating what it obviously sees as its long-awaited exploration success to investors.

The report contains a number of pieces of good news for shareholders. Progress has been made on the Amaranth mine to the extent that small-scale mining of relatively high-grade ore seems likely to begin (which will in turn provide further bullion sales revenue).

Test results from Martha Hill suggest the deposit has the "potential to become a large low cost gold producer with high profitability".

As well the Pike River coal prospect seems likely to be a major coal source. MR is arranging a share swap with NZ Oil and Gas, and recent cash injections have had a highly beneficial effect on the balance sheet.

But judging by the sharemarket's reaction to the report, many investors just can't bring themselves to believe any of it is true.

But if they don't fancy the still speculative mineral exploration side, they might be more interested in another highly profitable sideline the company has gone in for — making private placements of shares at a healthy premium.

Mineral Resources made a cash issue and a private placement in the March 31 1981 financial year, as well as share issues for the purchase of assets.

The group statement of changes in financial position shows sources of funds of $886,284 from the issue of shares for cash and receipt of calls during the year, and $600,000 from the issue of shares for acquisitions of assets, a total of $1.5 million.

Total funds used totalled $1.3 million including $600,000 used for the purchase of subsidiary companies and $240,000 for the purchase of investments.

The result is a net increase in working capital of $235,492 which has resulted in the happy situation of an increase in current assets of $300,326 (including cash at bank and on deposit of $185,533), less an increase in current liabilities of $64,834.

But another side effect of the share issues has been a substantial boost to the share premium account.

Previously this account had a nil balance but by March 31 1981 it had risen to $350,910 — and a further private placement of 600,000 shares of 20c at an 80c premium made after balance date will see the share premium account swell to at least $830,000 by the 1982 balance date.

And it seems certain further private placements will be made before then, because resolution No 3 at the extraordinary general meeting will seek authority for directors to issue up to 2 million shares for cash "from time to time" at not less than 80 per cent of the market price.

Watt says "the company will require further sums of cash in the next year. This resolution will allow the directors to place up to 2 million shares with interested investors . . ."

The year under review saw a "loss", or net group expenditure for the year, of $301,323 (profit of $8545 in 1980) but Watt explains that "in contrast with last year when substantial non-continuing income was received, there was little income received in the current year.

"On the other hand expenses were substantially higher in line with the considerably increased prospecting activity undertaken, including the expenditure on the prospects owned by the new subsidiaries."

The accounts include the newly acquired subsidiaries, Otter Minerals Exploration Ltd and Tasman Gold Development Ltd.

The lack of revenue from the sale of concentrates is shown in the profit and loss account where income fell from [illegible] to [illegible] while expenses jumped from $77,577 to $331,324, leaving net expenditure of $301,323, which was appropriated by expenditure written off or accumulated costs of relinquished tenements of $16,724, less mining expenditure capitalised of $82,611 in respect of Waihi Mining and Development, and $201,955, in respect of other areas.

The accounts are prepared on the basis that all expenditure relates to exploration and development, and therefore the accumulated operating expenses of prospects held by the company at balance date are capitalised as exploration expenditure.

The balance sheet shows issued and paid-up capital up from $840,392 to $2,036,306 while shareholders' funds are up from $615,908 to $2,120,468.

Fixed assets amount to a low $26,428 but investments (at cost) have risen considerably from $637,167 to $1,047,926.

The value of the 50 per cent investment in Waihi Mining and Development has risen from $637,167 to $807,926 due to the further capitalisation of expenditure costs, while a shareholding in Otter Exploration NL is valued at $225,000, although the market value at balance date was $NZ152,280.

The third investment is a stake in Stewart Petroleum, valued at $15,000.

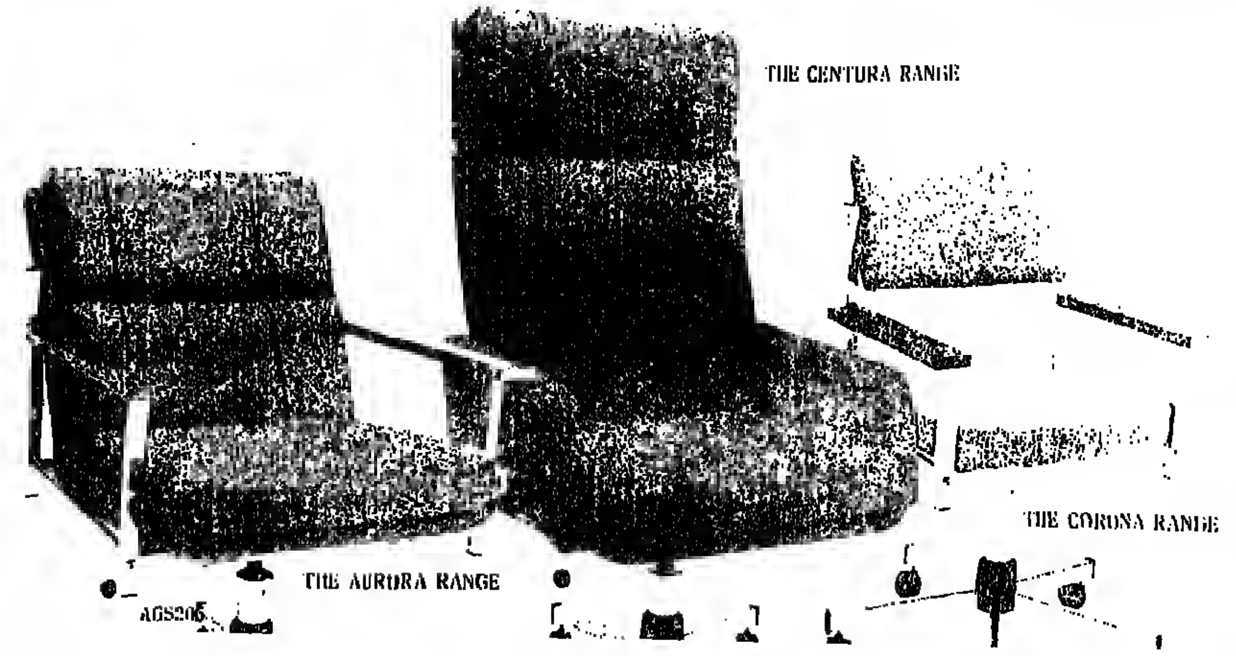
The inclusion of subsidiaries purchased has lifted the value of exploration expenditure from $8809 to $830,764.

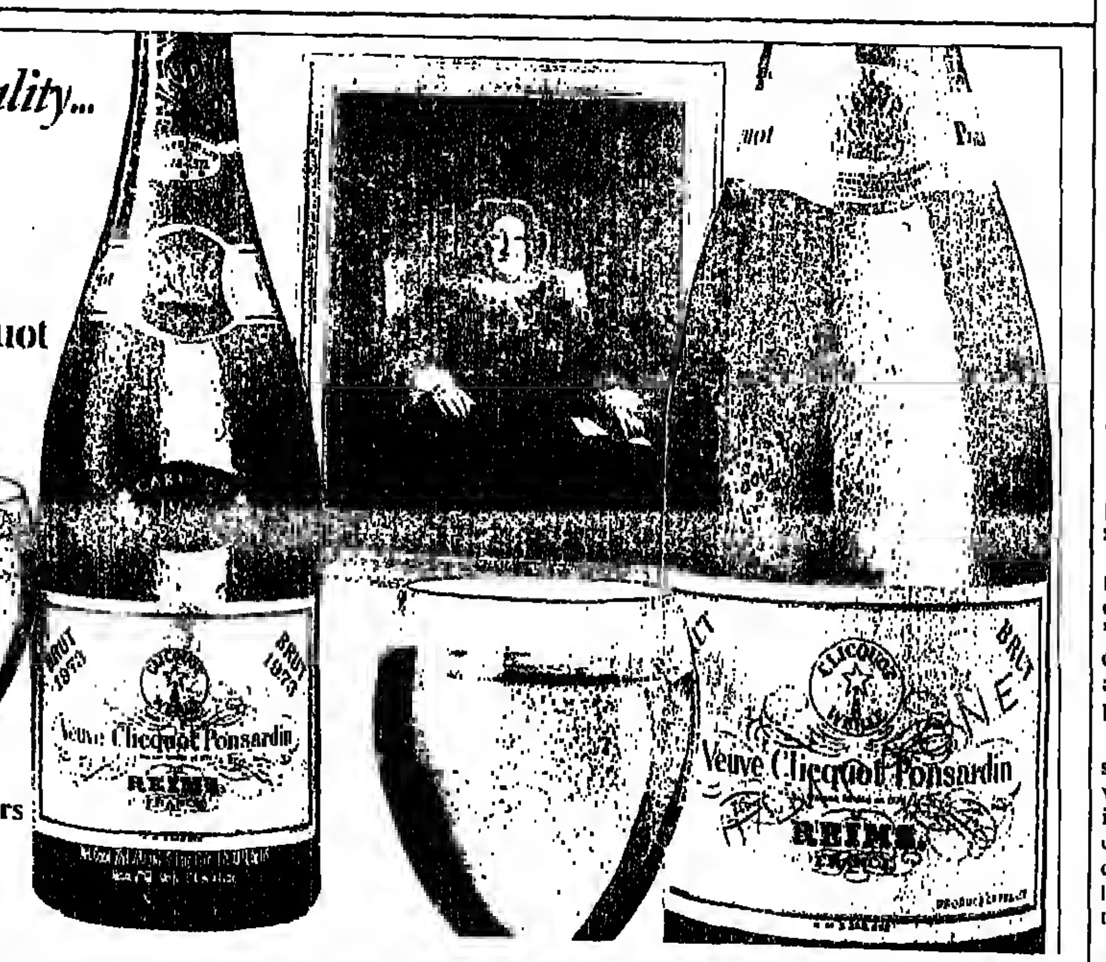
The cash injections have lifed current assets from $2500 to $302,826. Current liabilities are up from $40,819 to $105,653, while term liabilities are down from $40,000 to $30,000.

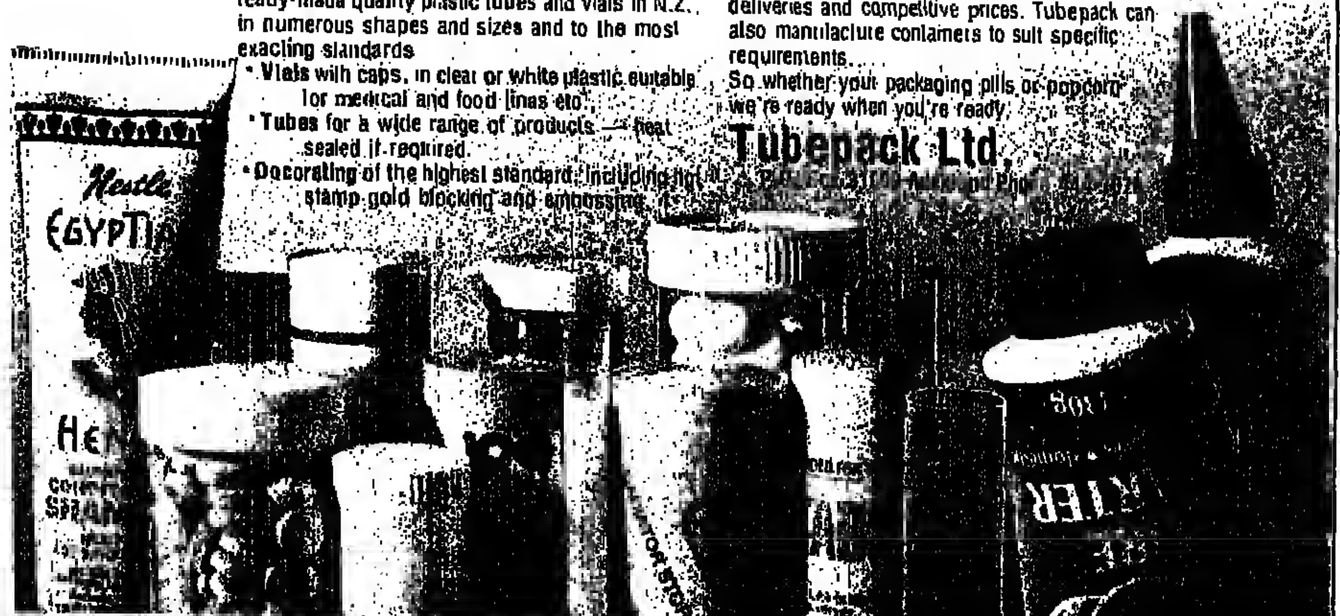
As a result of the sale of its Stewart shares to New Zealand Oil and Gas Ltd, MR will receive 3 million 50c shares in the new company.

The cost of its Stewart shareholding at the 1981 balance date was only $15,000 (a further $15,000 call on Stewart shareholders was made after balance date), yet by the 1982 balance date the company will have exchanged this investment for 3 million NZOG 50c shares.

Disclosure: The writer holds shares in Mineral Resources.







Plastics

Recycling and re-use of polymers urged

HOWEVER unrestricted the short-term supply situation may appear, there is no doubt that, over the years, the availability of hydrocarbon feedstocks will steadily diminish.

Polymers will accordingly become a scarcer and more valuable resource, so that it is increasingly important to minimise waste, and to use them to maximum advantage.

This makes good sense on economical and environmental grounds alike, according to an editorial in the internationally distributed Shell Group magazine, *Shell Polymers*.

At present, a high proportion of the polymer industry's output, mostly but not exclusively in the form of plastics packaging, ends up as refuse after more or less brief service.

The most efficient and appealing way of dealing with refuse is to recycle it to give the material a second useful life.

This is easily said, but requires much research to bring into effect, the editorial says.

All the industries concerned with the materials forming the major ingredients of waste — paper, metal and glass, as well as polymer — are busily developing their own recycling technologies to deal with the quite distinct problems that each kind of refuse presents.

But recycling is not the only possible solution, the editorial states.

Waste might to a limited extent be reduced by greater use of returnable as opposed to "one-trip" packages; and incineration could provide another means of disposal for polymers and paper.

Nor is domestic or other consumer refuse the only type involved, although it is the most important. There is also industrial scrap, much easier to deal with, and scrap in the obtrusive form of litter, a separate matter.

This survey of the plastics industry is prepared by David Pearh in association with the Plastics Institute of New Zealand.

How to centralise the collection of refuse from its many sources is a vital question, the answer to which must be found through co-operation between local authorities, industry and everybody else concerned.

Once the refuse has been concentrated to a point at which the plastics content is predominant, or at any rate forms a worthwhile proportion of the mixed materials, how to process it, and for what products, becomes a matter for the polymer industry itself, it claims.

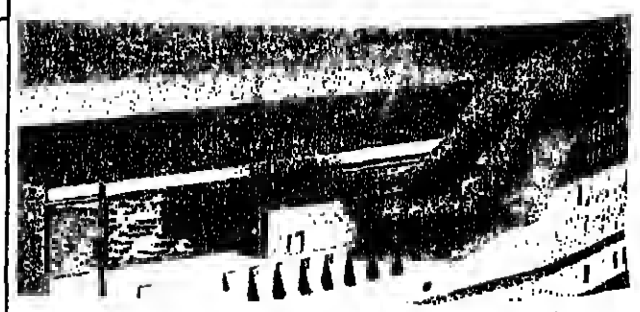
Recycling, where it can be shown to be viable, is clearly a more sensible way of treating polymer refuse than using it as a rather unattractive and only marginally economic fuel.

Plastics scrap could provide a source of extra polymer material amounting to several million tonnes a year in Western Europe alone, and one which so far has barely been tapped, the editorial suggests.

It is true that the end-products for which such material is suitable are bound to be less technologically demanding than those processed from virgin material.

But, through present and future developments in machinery and compounding technology, such items will look and behave like plastics. Some of the applications which have already emerged are fully competitive with traditional materials.

"Progress in recycling plastics refuse for another lease of life — probably more rugged and much longer than the first — should result in the establishment of an important new sector of the industry," says the editorial.



Catering for video

BOOMING sales of videotape recorders have prompted two Japanese companies to build new plants to make tapes based on polyester film. Sales of the Japanese produced video recorders shot up from 2.2 million sets in 1979 to 4.4 million in 1980, according to recent statistics, and are projected to reach 7 million during this year.

Toray Industries Inc, of Tokyo, has started construction on 1400-tonne a month plant at Gifu, in central Honshu, and that will increase its polyester film capacity to 3100 tonnes a month.

The $49 million facility is scheduled to come on-stream by January next year. Toray also produces polyester film grades for packaging, graphic arts and magnetic tapes.

A second major company with plastics divisions, Teijin Ltd, of Osaka, will boost its monthly polyester film capacity by up to 2100 tonnes through a new plant scheduled to come on-stream later this year.

Japanese sources to not expect entry of other polyester film producers into the videotape market this year. They maintain that while extrusion equipment is readily available the drawing machinery for biaxially oriented film, imported principally from Western Europe, requires 18 to 24 months delivery time.

Plastics

Automating the milking shed; more cows, fewer people, less time

MILKING 800 cows in two hours is a twice-a-day occurrence on Vic Stevens's farm at Woodhill near Helensville.

With a 70-bale rotary shed and an Allflex ACR automatic teat cup-remover on each bale, a job which used to involve three people can now be done by two, according to Stevens.

When each cow finishes milking the cup-remover takes the cups off, hangs them up out of the way where they can't be trodden on and the cow just backs off when she reaches the exit point.

"Without the cup removers it's a fulltime job for one person taking off the cups and there is also the tendency for some cows to be over-milked," he says.

"At this stage we still have one person on the exit side of the platform ensuring it all works, carrying out the teat spraying and checking for mastitis and so on.

"In the autumn though, during the summer and at weekends, it's possible to slow the rotation of the platform down and for just one person to handle the entire operation. It may add half an hour to the job but it still only needs one person," says Stevens.

Adjusting the speed of rotation is a fine art anyway. The ideal is for each cow to finish milking just before it reaches the exit but, since cows milk at different speeds, the rotation has to be adjusted to suit the slowest and that can vary with the time of the year as well.

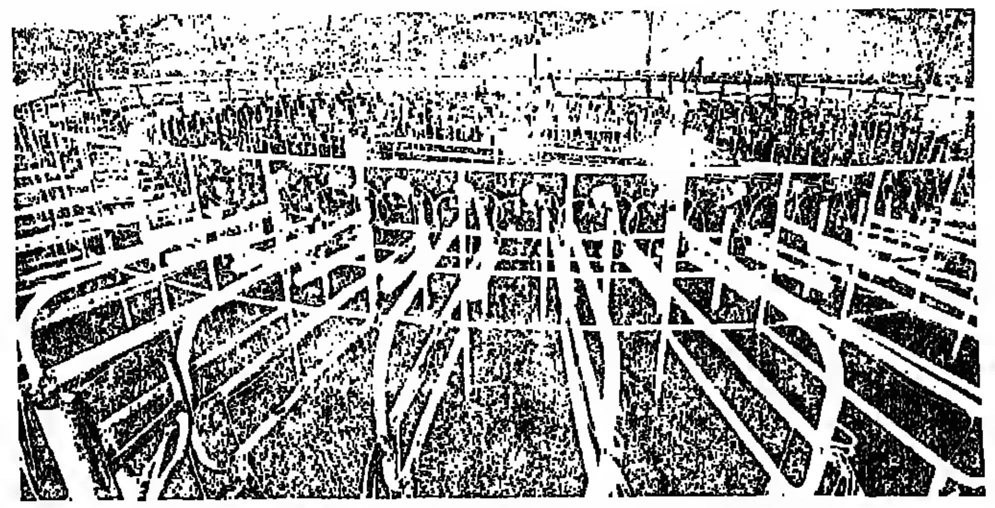
Stevens farms 565ha of North Auckland clay soil which he describes as rolling to hilly.

"Saying you have 800 cows on 565ha doesn't sound like a very good stocking rate to a Waikato farmer but up here it's not doing too bad. I bought 404ha about 13 years ago and I've developed it out of ti-tree and really rough stuff," he says.

Even if the land is hard, production figures from the herd are good, with a fat production level of 96,000kg last season.

● PICTURED, Vic Stevens's rotary milking shed fitted with Allflex ACR automatic teat cup removers right around.

Two people can milk the 800 cows in two hours and, by slowing the rotation down it's even possible for one to do it in 2½ hours since the ACR units remove the cups when milking is finished.



Advance in packaging of meat

TRADITIONALLY, beef and offal products have been packed in heavy fibreboard cartons before freezing. The Meat Industry Research Industry of New Zealand has this last year investigated freezing products in metal moulds with plastic liners, with promising results, according to the institute's annual report.

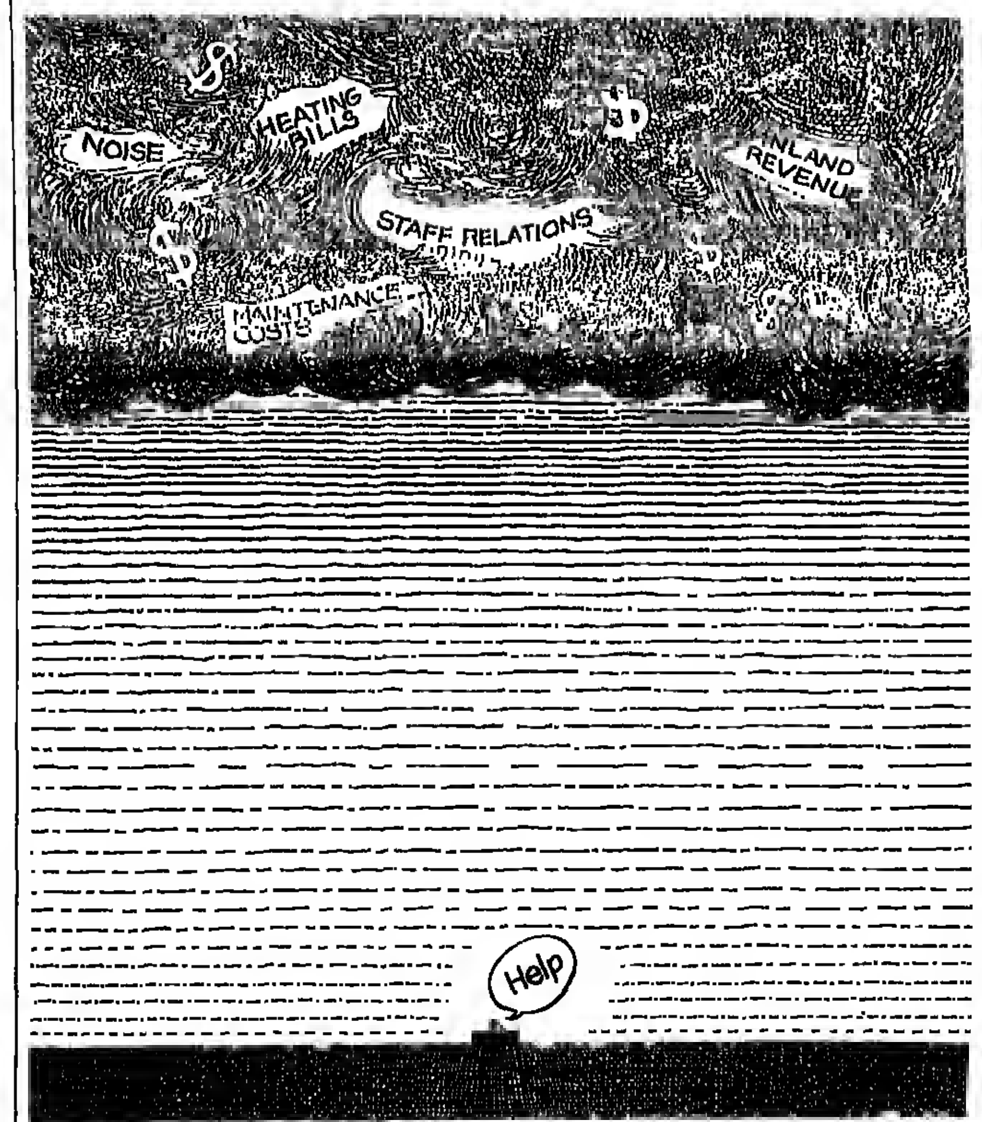
One of the functions of the heavy rigid cartons was support for the unfrozen meat. Since the mould-frozen block of meat is self-supporting, such heavy packaging is no longer necessary.

Thus mould freezing allows the use of lighter, cheaper forms of packaging with a potential saving of $5 million a year.

Additionally, freezing times are almost halved, energy costs for freezing are lower, and bulges in cartons of the frozen product can be eliminated.

Against these benefits must be set the initial cost of metal moulds and of cleaning and drying them after use.

The work has shown sufficient promise to warrant larger trials using a friction film as the liner material.



Agency hits jackpot in raw materials supply

A BLEND of marketing and administrative skills and the right contacts has seen Auckland-based Hunt Agencies Ltd "come of age" in the plastics raw materials supply business in little more than two years.

Three directors, all with an equal 30 per cent shareholding, direct the company, look after the agencies which make up the operation, and service the Auckland market's machinery, resin and masterbatch requirements.

Says one director, Laurie Cranfield: "Hunt wss built up by securing firstly one major raw materials agency, then others followed once our reputation was known."

Ten per cent shareholding of the company is held by such a company, Anchor Chemical Company Pty Ltd, of Sydney, which Hunt represents in this country.

But Cranfield says the New Zealand operstion is unhindered by this association. In fact, he says, it brings considerable benefits in new product lines and the like, while leaving the autonomy to run the agencies according to the New Zealand conditions.

Cranfield joined Andy Hunt in the agency business from another major raw materials supplier, Chemby Marketing. Hunt, too, is an ex-Chemby man. For 10 years he was manager of its rubber and silicons division.

"Our association with Chemby continues," says Cranfield. "We are not head-on in competition with them, but in some instances work alongside them acting as distributors for some of their products."

The third director, and most recent "recruit" to the agency business, is general manager Gordon Morris — 11 years a senior commercial officer with the British Consulate-General.

His contacts and knowledge of the international business world will be invaluable, says Cranfield, both in seeking new markets and new agencies, and because of the administrative skills he brings to the company.

Cranfield says Hunt, now in its third year of operation, has already established a multi-million dollar turnover. He said paramount in achieving this has been a valuable association with Mitsubishi, of Japan. Hunt is agent for its Yukalon-brand LDPE resins, among others.

"This association has been the biggest breakthrough for us — it has brought us closer to the market and to our customers and we have received considerable endorsement rub-off through the association as well."

Cranfield says Hunt is now importing many hundreds of tonnes of raw materials supplies each year to service the local market.

Numbering among the more than 14 agencies it handles are internationally respected names like Anchor Chemical Company, Ivon Watkins-Dow, Goldmark Plastics, Metal Meccanica Plast, of Italy, Proctor & Gamble, of America, Mitsubishi Corporation and Toyomenka Ltd, of Japan.

Tanking up in style

AN Auckland engineering company specialising in fibreglass and plastic products manufacture has recently installed equipment claimed to be capable of producing industrial storage tanks of size and strength previously unobtainable in New Zealand.

Maskell Productions, of Mt Wellington, has just completed its first major contract on the machine, a hot water storage tank of 136,500 litres capacity.

Four-and-a-half metres in diameter and nine metres deep, the tank was being delivered to a Hawkes Bay meat works at the end of July.

Maskell Productions' managing director, David Craig, designed the new helical winding equipment which he says, is the first in this country of its size and type.

The new system gives three to four times the strength of conventional fibreglass because of the helical winding of filament glass along the lines of principal stress, according to Craig.

Based on a principle developed in the United States, helical filament winding of fibreglass is a major improvement on the established hoop-winding system, says Craig.

The helical winding of sidewalls for a large tank can be completed in less than a day with the new system.

Milk cans in plastic

POLYETHYLENE milk, cream and milk test cans are competing successfully with their "traditional" stainless steel counterparts, according to manufocturer Rotational Plastics Ltd, of Auckland.

They are robustly moulded in food-grade linear polyethylene and they were designed and developed by the company.

The cans, tested fully and approved by New Zealand's National Dairy Laboratory at Ruakura, have all tbe features of the atainless steel variety.

The compaoy claims tbe cans were tested to take a load 50 per cent greater than they would need to take in a cowshed. They are easy to clean with bandles, bolts and pipe fittings of stainless steel.

They are available in 25 and 50-litre sizes, and also os an extra heavily moulded 25-litre vacuum test can fitted with inlet/outlet tubes and a lid gasket.

New survey to get statistics on plastics scrap

NEW statistics are being sought to determine the types and amounts of plastics scrap being generated in New Zealand.

ordinating the exercise in conjunction with two Government Departments — Statistics and Trade and Industry.

A first survey to establish the extent of plastics scrap was made in conjunction with the institute by Trade and Industry in 1976. Tbe results of that survey revealed that considerable quantities of scrap were being generated and had the potential to be re-used.

But the survey also revealed, perhaps more importantly, that there was an Industry-wide willingness, subject to certain specificatioos being met for the quality of re-granulated scrap material, to use some re-granulated plastics materials.

Since that survey, there have been some major developments which have affected the plastics industry generally, including increases in oil prices, significant advances in technology and changes in consumer attitudes.

These advances have allowed a more economic use of plastics raw materials and scrap, and in fact, considerable amounts of plastics film materials are being collected and re-granulated for use in a variety of pipe and other products now.

To enable an sssessment of the present situation and provide sccurate data for the formulation of future policy, both for the Plastics Inatitute and the Department of Trade and Industry, a new survey has been initiated.

In giving approval for the survey to be conducted, it is understood the Statistics Department has imposed one condition on Trade and Industry.

The results of the survey cannot be published for distribution among non-participants unless the response rate reaches 70 per cent of the total industry.

It is understood the Statistics Department considered the response to the 1976 survey — just over 50 per cent — to be too low to give an accurate overview of the situation.

According to the Plastics Institute, a response rate in excess of the 70 per cent minimum is expected, and consequently all member companies are being urged to give their urgent attention to the recently circulated questionnaires.

The results of the survey will be made available to the institute in the normsl course of events, and according to a spokesman, will provide sufficient additional data from which to revise and institute a more appropriate policy in keeping with recycling methods and prospects and the use of new technology.

Among the survey questions, companies are being asked to declare figures on the amounts of scrap either generated or re-used, and to state whether current in-house policy concerning the re-use of plastics acrap has changed since the time of the last survey.

The institute hopes this question will reveal the positive approach the industry generally has adopted to taking optimum advantoge of recycling opportunities, given technological constraints.

Current institute policy encourages to the greatest possible extent the re-use of plastics scrap.

Award winner

JOHN Lovett, a 21-year-old plastics technician, has won the annual Union Carbide Technician Award, and will now represent the New Zealand plastics industry on a week-long study trip to Australia.

Lovett was selected from five candidates drawn from throughout the country.

Chairman of the judging committee, Plastics Institute president Ian Ristrom, said the calibre of candidates this year was extremely high with each having high educational qualifications and considerable individual abilities.

He said the candidates were selected on the basis of educational and technical qualifications with due regard to personality and leadership qualities.

Lovett, a technician witb CPI Containers Ltd in Auckland, will now represent the plastics industry on the sponsored study trip.

The trip will involve visits to the Union Carbide Rhodes Technology Centre, in Sydney, and meetings with Australian plastics marketing and engineering personnel.

The award is open to fourth-year plastics trainee technicians studying for NZCE and was instituted some years ago to complement the training of young New Zealand plastics technicians.

Trade fair in Singapore

SOME 200 International companies are expected to take part in the ooly exhibition for the rubber aod plastics industries in South-east Asia — Rubberplas '82 — at the World Trade Centre, Singapore next year.

To date more than 80 companies have already taken up some 2500 square metres of exhibit space. The other 120 firms are expected to occupy another 2000 square metres.

To be held from February 23 to 27, Rubberplas '82 will feature exhibitors from 15 countries.

Transport

Skybus: a tale of rights and responsibilities

by Bob Stott

THE rights and responsibilities of transport operators is a subject which seems not always to be fully understood, and it is one which should be looked at as the Skybus venture is launched.

In some lands certain transport modes may be almost free of restrictions and others stringently controlled, such as in the United States where truckies have a wide degree of freedom by New Zealand standards, while the railways are closely regulated.

In other countries transport is strictly controlled for reasons of economic strategy, such as South Africa, or completely controlled and provided by the store as in some Communist countries.

As a general rule, developed countries control transport, and as a developing country starts the slow climb upwards it too begins to pay attention to transport organisation.

Governments have granted rights to transport operators and in return demanded that operators accept certain responsibilities from time immemorial — centuries ago shipowners were granted charters giving them trading monopolies but in return they were obliged to arm their ships and play a part in defending their nation's interests.

However, the background to the type of transport regulation employed in New Zealand can be illustrated by looking at Britain's treatment of railways in the early years of the 19th century.

When the first public railway (between Liverpool and Manchester) was being proposed in the 1820s it was clear that the proprietors would need an empowering Act, to take land for their right of way. Soon, as other lines followed an established procedure was followed — promoters lobbied Parliament for support, a bill was drafted and hopefully the fledgling company got its Act.

A group which was empowered to build a line between two centres thus had a monopoly, unless some other promoter sought permission to build a competing line. If he got that permission and the line was built, and there was only enough traffic for one railway, usually one company took the other over. At the same time local lines were being merged on an end-to-end basis so that trunk routes began to emerge.

By the 1840s the most attractive routes in Britain already had lines or were in the process of getting them — and the companies were growing so big that no outside interests had the resources to challenge them. They had been in effect given the right to their traffic by Parliament — and now Parliament stepped in and demanded that they in return accept certain responsibilities.

The best known such move came in 1844 when an Act was passed requiring every railway company to work a passenger train each way each weekday on every one of its lines, carrying passengers at a fare nor exceeding a penny a mile and in coaches protected from the weather.

At first the railways resented the requirements of the Act. Timetables were less than convenient, and coaches were often wooden boxes with no seats and shutters to keep out the weather. But a mass market for travel soon developed as the result of the low fares and by 1860 income from low (third class) fares exceeded the total revenue from first and second class travel.

Under this 1844 Act the company had to provide a regular service for the benefit of the community, as well as any services it might want to put on to primarily make money for its shareholders.

This basic principle is still present in transport licensing legislation in New Zealand — legislation which affects both air and road transport.

The granting of a licence gives an operator the right to traffic on a route — but in turn the operator is bound to provide regular services.

In broad terms, if a long distance coach operator is licensed to work a route, providing say two services each way each day then he gets some measure of protection from competition on that route . . . but at the same time he is obliged to provide the services listed in his licence.

If say only four passengers turn up at his depot to buy tickets, he cannot cancel the day's trip just because his 40-seater coach needs 25 passengers to break even.

Of course, it works both ways — when traffic is heavy, such as at the start and end of the holidays, he has all that traffic to himself, with every trip full, and extra trips as well. No one else can muscle in on his territory and whip a full load out from under his nose, for the licensing system, which requires him to run trips in the depths of winter, protects him from competition when there's plenty of traffic about.

There can be no doubt that this system does not provide the cheapest possible transport. If really low-cost transport is the aim, then any service which does not carry a full load would be cancelled — or to put it the other way around, transport would be geared precisely to the demand.

As a simple example, imagine an urban bus operation consisting of only one bus. Let's imagine that running a trip every half hour off-peak there is enough traffic to make the operation worthwhile. During the peak period that one bus is all that is provided — and then it is packed.

The public, however, seems to want something better than this. Off-peak, one bus might suffice, but during the peak, public demand may call for nine more buses — and these nine extra buses never make a profit because they are full for only one run in the morning and one in the evening.

Providing that extra capacity is costly and today tips urban transport into the red.

A similar situation prevails in long-distance transport, although often the nature of the route is more important than the presence of peaks.

For example, an operator with a profitable trunk service will run less well-patronised feeder services. In this way the benefits of the service are spread over a wider area — and if the operator makes little on the feeder runs, then he can afford this because he has the trunk run to himself.

But take away his exclusive right to the trunk route traffic and he finds the feeder service an unsupportable burden.

By demanding the convenience of feeder links, the public has boosted fares for all passengers, whether they are trunk or secondary route riders.

There are two broad approaches to transport services. One would be to allow unfettered free enterprise, with operators providing services where and when profits are about, and stopping services which return low or nil profits.

The other is to grant operators more or less exclusive rights and demand in return regular timetabled services.

The one leads to the lowest possible transport costs, and the other leads to more costly, but also more reliable transport and integrated transport networks.

Participation in business, sports and cultural activities, the provision of reliable mail services, the filling of orders from out-of-town factories and warehouses and attendance at grandma's funeral all require regular and predictable transport services. And we pay more for our transport because we demand that it be regular and predictable.

The new Skybus airline plans to run services in competition with the established airline.

And of course it is not just Skybus — others are considering running Cook Strait services parallel to the existing ferries, for example.

Readers can come to their own conclusions.

IMPORT LICENCE TENDERING SCHEME — CALL FOR TENDERS

Pursuant to the Import Control Regulations 1973, Amendment No. 3 (S.R. 1980/246) the Secretary of Trade and Industry, acting under delegated authority is calling tenders for import licences for the goods specified below. These goods constitute "Lot 10" and the closing date and time for tenders is 5.00pm on Tuesday, 10 November, 1881.

Instructions for prospective tenderers and the general terms and conditions which apply to the submission and acceptance of tenders are set out in the Guide to the Import Licence Tendering Scheme. Copies of this guide and tender forms may be obtained from the Department of Trade and Industry and the Customs Department. Tenders should be addressed to the Registrar, Import Licence Tendering, Department of Trade and Industry, Private Bag, Wellington.

Tenders for "Lot 10" will be opened on Wednesday, 11 November, 1981 at 10.00am in the fifth floor boardroom, Department of Trade and Industry, Bowen State Building, Bowen Street, Wellington. Members of the public are invited to attend the official opening.

Official results will be published in the New Zealand Gazette.

Lot 10, ROUND TWO

TENDER NO	ITEM CODES	TARIFF ITEMS	BRIEF DESCRIPTION	2nd ROUND ALLOCATION $	LICENCE UNIT SIZE $	NO OF UNITS A TENDERER MAY BID FOR
1981/133	04.005	04.02.001	Milk & cream, preserved, concentrated or sweetened: liquid or semi-solid	14,000	2000	2
		04.08.000	Natural honey			
1981/134	Ex 07.005	07.01.001 07.01.059	Vegetables, fresh or chilled (other than tomatoes, capers, olives, onions and mushrooms)	55,000	5000	2
		07.04.002 07.04.005 to 07.04.009	Dried, dehydrated or evaporated vegetables, whole, cut, sliced, broken or in powder but not further prepared; (other than herbs)			
1981/135	08.005	08.07.001 08.07.009	Stone fruit, fresh	50,000	5000	2
		08.09.001.01L	Passionfruit, fresh			
		08.11.001 08.11.009	Fruit provisionally preserved, but unsuitable in that state for immediate consumption			
		08.13.001 08.13.009	Peel of melons & citrus fruit, fresh, frozen, dried or provisionally preserved in brine, in sulphur water or in other preservative solutions			
1981/136	08.010	08.08.000.01G	Strawberries, fresh	50,000	5000	2
		08.08.000.11D	Gooseberries, raspberries, blackberries			
		08.08.000.19K	Other berries, fresh			
		08.10.000	Fruit (whether or not cooked) preserved by freezing, not containing added sugar			
1981/137	Ex 09.005 Ex 21.005	09.01.009 21.02.009	Roasted coffee, coffee substitutes containing coffee. Extracts of coffee, etc; roasted coffee substitutes, etc	20,000	2000	2
1981/138	Ex 16.016	16.01.000	Sausages and the like, of meat, meat offal or animal blood	15,000	1500	2
		16.02.021	Other preserved meat and offal, with vegetables; meat pastes			
		16.02.039	Other preserved meat and offal, otherwise packed			
		16.03.000	Meat extracts and meat juices; fish extracts			
1981/139	Ex 17.010		Sugar confectionery, not containing cocoa:	40,000	4000	2
		17.04.001	Chewing gum			
		17.04.005	Marzipan and other pastes			
		17.04.009	Other			
1981/140	Ex 18.005	18.06.000	Chocolate and other food preparations containing cocoa	20,000	2000	2
1981/141	Ex 19.005	19.02.001	Malt extract	54,000	5000	1
		Ex 19.02.009	Preparations of flour meal, starch or malt extract of a kind used as infant food or for dietetic or culinary purposes containing less than 50% by weight of cocoa (other than those preparations contained in Code 19.000)			
		19.05.000	Prepared foods obtained by the swelling or roasting of cereals or cereal products			
		19.07.009 19.08.001 19.08.009	Other goods of Tariff Headings No. 19.07 and 19.08			
1981/142	20.005	20.01.000	Vegetables and fruit prepared or preserved by vinegar or acetic acid	60,000	6000	2
		20.02.011 to 20.02.069	Vegetables prepared or preserved otherwise than by vinegar or acetic acid; other than capers & olives			
1981/143	20.010	20.03.001 20.03.009	Fruit preserved by freezing, containing added sugar	25,000	2500	2
		20.04.001 20.04.009	Fruit, fruit peel & parts of plants preserved by sugar (drained, glace or crystallised)			
		20.05.000	Jams, fruit jellies, marmalades, fruit puree and fruit pastes, being cooked preparations whether or not containing added sugar			
		20.06.001 20.06.011	Stems and other parts of plants except fruit, preserved in syrup.			
		20.06.099	Other preserved fruit of Tariff Heading 20.06			
1981/144	20.035	20.06.061 20.06.071	Fruit otherwise prepared or preserved; apricots, apples berry fruit, fruit salad, peaches, pears, plums	200,000	20,000	2
1981/145	Ex 21.005	21.07.001	Saccharin and other synthetic sweetening substances in tablets or other dispensable forms	25,000	2500	2
1981/146	22.021 Ex 22.005	22.09.011 22.09.018 22.09.052	Cordials and liqueurs	50,000	5000	2
1981/147	Ex 22.010	22.09.032.01G 22.09.042.01H	Gin, geneva, schnapps in bottles Vodka in bottles	200,000	20,000	2
1981/149	Ex 22.025	22.01.001 22.01.009	Waters, including spa waters and aerated waters	200,000	20,000	2

NOTE:

1. Tenderers must refer to the Customs Tariff and the Import Licensing Schedule for definitive descriptions of the goods included in the list above. It is incumbent upon tenderers to ensure that the goods they wish to import fall within the Tariff Items concerned.
2. Tenderers must be conversant with the various statutes and regulations which importing enterprises are obliged to comply with, such as safety standards, duties, sales tax, etc.
3. Tenderers for tender numbers 1981/133, 1881/134, 1981/135, 1981/136 and 1881/138 should refer to Appendix III of the Import Licensing Schedule or contact any office of the Customs Department or the Department of Trade and Industry for specific conditions and provisions relating to those item codes.
4. Tenderers are reminded to use a separate tender form (in duplicate) for each licence unit bid for. Each bid should be sent in a separate envelope with the tender number clearly marked on the outside.

Secretary of Trade and Industry

CORRECTION: IN THE CALL FOR TENDERS NOTICE FOR LOT 9 PUBLISHED ON TUESDAY, 8 SEPTEMBER THE NUMBER OF LICENCE UNITS A TENDERER MAY BID FOR WAS OMITTED FROM TENDER NUMBER 1981/128. THIS SHOULD READ:

TENDER NO	ITEM CODE	TARIFF ITEM	DESCRIPTION	2nd ROUND ALLOCATION $	LICENCE UNIT SIZE	NO OF UNITS A TENDERER MAY BID FOR
1981/128	Ex21.010	21.03.001	Mustard flour packed for retail sale	5,000	1,000	

Fishing

Lobstermen seek relief

SOUTHLAND lobster fishermen will ask the Ministry of Agriculture and Fisheries and its Minister, Duncan MacIntyre, to amend fish packing regulations they believe could kill their operations.

NBR reported on August 17 how changes to the regulations meant fishermen from Bluff, Stewart Island, Milford Sound and Riverton were a direct threat to the livelihood of all.

The fish-packing regulations would require all fishermen to freeze promptly all lobster tails to a temperature of minus 18 degrees, and hold them at that temperature.

The Southland area is the only one in the country where fishermen tail at sea because of the vast distances which have to be sailed to the lobster areas.

Fishermen still freeze at sea, but usually keep the temperature at around minus 12 deg. Further, they turn off their generators at night when at sea for the simple reason that they want to sleep.

Experts say this temperature does not harm the lobsters and overseas buyers have been happy with it.

Nevertheless, the ministry wanted the industry, which netted nearly $26 million in exports last year, to lower the temperatures and keep generators running, both of which are costly.

Carried to the limit, the regulations would also have required day fishermen to install costly freezing equipment.

Ministry officials, Fishing Industry Board representatives and fishermen met in Invercargill several days ago.

After all sides had put their points of view, the meeting decided to ask the ministry and the Minister to amend the regulations so that rock lobsters must be frozen to minus 12 deg within 24 hours of being tailed.

This would overcome a freezer problem for day fishermen and ease the costs on others.

The fishermen will also ask that the regulations not be introduced until 1984 to allow all requirements to be met.

Industry sources were confident that, given the goodwill existing at the meeting, most of the requests would be met.

Environment

Commissioner's job getting 'that other impact' across

by Ann Taylor

ENVIRONMENT commissioner Ken Piddington is walking a fine line between the Government's growth strategy and public pressure to have a say about the environment in which they live.

The environmental protection procedures which he administers are based on the idea that public input is worth having. But "by and large the process of development is in the hands of the people who are directly interested; the proposers and the experts. A high number of public bodies also see their role as the promotion of development even if it means excluding the public from participation or sometimes denigrating the capacity of the public to understand," he told *NBR*.

"I do not regard the role of the people in the commission as environmentalists but as public servants who analyse environmental issues and who must press for the best possible management techniques by whatever means possible.

"They must interpret the public interest in terms of environmental quality and present that to the developers and others who are accountable to the public because they are making the decisions."

Addressing an August gathering of geographers, Piddington argued that unless environmental factors are set alongside the economic ones during the initial decisions on resource allocation this country will face a progressive decline in environmental quality.

He suggested that an essential distinction needs to be drawn between economic analysis and the environmental view of resource use.

"Conflict is built in to all ecological processes. Under any development option there will be conflict. To the extent that they are man-made, they can be reduced and perhaps managed."

To avoid irreversible impacts and manage conflicts in a way which brings man-made impacts down to minimum levels are, Piddington said, the twin goals of environmental policy.

The policy must accept that development, even in a low-growth model, will have impacts. Some of those impacts can be broadly defined as social. "It is a basic tenet of environmental thought that man is part of the environment. If you separate social impact from other impacts, you create an environmental nonsense.

"The fact that there is human intervention in the process of environmental cause and effect," he said, is "the only reason for setting up agencies such as the commission."

The literature and experience in other countries is unanimous in the assertion that "the initial decisions on resource use must weigh the environmental costs and benefits of the various options." If this is not done "environmental policy" will be confined to remedial work, he said, without taking a stab at that cost.

Piddington maintains we are in the business of harvesting resources rather than mining them in this country and "everyone agrees that the ideal basis for a long-term development strategy is to harvest sustainable resources."

But renewable or finite, what concerns him is the ultimate interdependence of these systems. "The total harvest is in the final analysis constrained by environmental boundaries." The world's environment includes serious damage sustained by various ecosystems — "the boundaries are still there."

For example, we should not let the use of Maui gas for transport fuels "create the illusion that environmental constraints no longer exist," he said.

The dominant technique for deciding on the allocation of resources is economics, he said, acknowledging "a problem in reconciling the two different perspectives on development.

"The market is unlikely to provide price signals which distinguish between renewable and non-renewable resources" and "there can be bias away from the environmental order of preference."

"The main weakness in economic thought this century has been to assume that the benefits of growth will always outweigh any disadvantages.

"Economics accentuates the short-term result and the environment gives priority to the longer-term options. As disciplines they are inevitably pulling in opposite directions," he said.

The commission does advocate a direction. "Usually it will be somewhere in the middle of conflicting philosophies.

"But you would expect us to give relatively more weight to scientific evidence and to the views of those who embrace an environmental ethic.

"This will lead to conclusions very different from those imposed by economic analysis. To this extent, the commission will appear to be an adversary, and will, therefore, be unpopular," he said.

"The audit process is an open one, and involves public input. The evidence we use is part of the public record and all commission officers therefore, face the test of accountability.

"People may disagree with our conclusions but in my period as commissioner I have not received one communication suggesting that we have analysed the information incorrectly."

The commission is put in a position of reacting to decisions because there is a tendency for the environmental evaluation to come downstream from the critical economic decision to commit resources — hence it is seen as anti-development.

But the environmental view of resource development does not ignore the need, within the human environment, for jobs and money. "The evidence suggests, however, that by developing resources in the environmental order of preference we can have more of both in the longer run," he concluded.

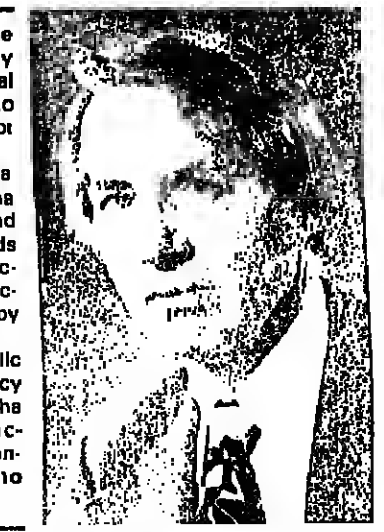
"We are vulnerable because in the long term development needs the environment more than the environment needs development. A strategy which ignores this is not an option for New Zealand . . . Development that damages the environment will insidiously erode the reasons for being here" — Ken Piddington, commissioner for the environment, August 1981.

To facilitate the "national import" of the Government's growth strategy the National Development Act 1979 set the scene for fast-tracking projects. It also gave the environment's "watchdog" its first statutory function — to audit the protagonists' proposals and the public reaction to them. One project — Petralgas' methanol plant — has made it down the track. The second, the synthetic fuels plant, is currently being heard by the planning tribunal.

Last week Parliament's lands and agriculture select committee started hearing submissions on an amending bill which would "discourage public participation, restrict the scope of inquiry by the commissioner and the Planning Tribunal and frustrate the courts," according to tenacious critics of the Act, the Coalition for Open Government.

But Piddington (pictured right) disagrees. He argues that the new bill does not remove the provision for public submissions to be called and that his "administrative integrity" demands that the public's submissions are taken into account when he gives an opinion on "the accuracy and adequacy" of the report required by the amendment.

"If the commission has to consider public submissions and give opinions on the 'adequacy and accuracy' of the proposers' report than the audit function is intact. We will assess its accuracy in terms of the extent to which it considers environmental implications of concern to the public."



IMPORT LICENCE TENDERING SCHEME — CALL FOR TENDERS

Pursuant to the Import Control Regulations 1973, Amendment No.3 (S.R. 1980/246) the Secretary of Trade and Industry, acting under delegated authority is calling tenders for import licences for the goods specified below. These goods constitute "lot 12" and the closing date and time for tenders is 5.00pm on Tuesday, 24 November, 1981.

Instructions for prospective tenderers and the general terms and conditions which apply to the submission and acceptance of tenders are set out in the Guide to the Import Licence Tendering Scheme. Copies of this guide and tender forms may be obtained from the Department of Trade and Industry and the Customs Department. Tenders should be addressed to the Registrar, Import Licence Tendering, Department of Trade and Industry, Private Bag, Wellington.

Tenders for "lot 12" will be opened on Wednesday, 25 November, 1981 at 10.00am in the fifth floor boardroom, Department of Trade and Industry, Bowen State Building, Bowen Street, Wellington. Members of the public are invited to attend the official opening.

Official results will be published in the New Zealand Gazette.

Lot 12, ROUND TWO

TENDER NO	ITEM CODES	TARIFF ITEMS	BRIEF DESCRIPTION	2nd ROUND ALLOCATION $	LICENCE UNIT SIZE $	NO OF UNITS A TENDERER MAY BID FOR
1981/162*	Ex 62.005	62.01.001* 62.01.012 62.01.015 62.01.019	Travelling rugs and blankets: electrically heated Travelling rugs and blankets: other	10,000	2000	1
1981/163	Ex 62.005	62.02.019 62.02.028	Bed, table, toilet and kitchen linen: other than plain. Curtains and other furnishing articles (other than plain bedspreads).	40,000	4000	1
1981/164	65.005	Ex 65.03.000 Ex 65.04.000 65.05.000 11K 65.05.000 21G 65.05.000 29B 65.06.009 01C Ex 65.06.009 11L Ex 65.06.009 19F	Other headgear and parts thereof other than goods of item Code 65.000	14,000	1400	1
1981/165	Ex 68.025 69.025	68.10.009 69.09.001 69.09.009 11L	Other articles of plastering materials Pots, jams & similar articles of a kind commonly used for the conveyance or packing of goods Troughs, tubs and similar receptacles of a kind used in agriculture	10,000	2000	1
1981/166	71.025	Ex 71.12.001 Ex 71.12.009 09K Ex 71.13.000.09F Ex 71.14.009 Ex 71.16.019	Other jewellery and goldsmiths' and silversmiths wares (excluding goods of item Codes 71.000 and 71.020) Other articles of precious metal or rolled precious metal	75,000	7500	2
1981/167	71.030	Ex 71.16.001 71.16.009 01J 71.16.009.09D Ex 71.16.009.19A	Imitation jewellery	50,000	5000	1
1981/168*	73.080	73.36.000.21G 73.36.000.61J	Cooking stoves and ranges, for burning solid fuel Other stoves, space heaters, for burning solid fuel	50,000	10,000	2
1981/169	Ex 73.065	73.40.061	Fittings of iron and steel for ships, boats and other vessels	20,000	2000	2
1981/170	Ex 73.084	73.38.009.51C	Stainless steel hollowware	25,000	5000	1
1981/171	Ex 73.084	73.38.009.79C	Other domestic articles of iron or steel	20,000	6000	1
1981/172	Ex 74.030	74.19.000	Other articles of a kind commonly used for domestic purposes, sanitary-ware for indoor use — of copper	50,000	5000	1
1981/173	Ex 76.030	76.16.000	Articles of a kind commonly used for domestic purposes, sanitary-ware for indoor use — of aluminium	20,000	2000	1
1981/174	Ex 76.030	76.16.041	Fittings for ships, boats and other vessels — of aluminium	10,000	2000	1

* For these tender numbers, tenderers are required to complete a spare parts and servicing pre-registration form and forward it in a separate envelope marked "spare parts and servicing pre-registration" to the Registrar. This is to be received before the closing date for this Lot.

NOTE

1. Tenderers must refer to the Customs Tariff and the Import Licensing Schedule for definitive descriptions of the goods included in the list above. It is incumbent upon tenderers to ensure that the goods they wish to import fall within the Tariff Items concerned.
2. Tenderers must be conversant with the various statutes and regulations which importing enterprises are obliged to comply with, such as safety standards, duties, sales tax, etc.
3. Tenderers are reminded to use a separate tender form (in duplicate) for each licence unit bid for. Each bid should be sent in a separate envelope with the tender number clearly marked on the outside.

IMPORTANT NOTICE

Tenderers for writing implements included in Lot 9, tender number 1981/132 should note that the licence unit size of 10,000 units refers to 10,000 INDIVIDUAL pens and not 10,000 sets of pens.

Secretary of Trade and Industry

'Network NZ' — futurists' visionary vagueness

by Warren Mayne

A DEBATE over the future prospects for the daily newspaper industry has obscured the main thrust of the Commission for the Future's wide-ranging vision of a new-style communications "Network New Zealand".

The moat controversial aspect of the CFF's overall report and associated working papers, released last week, has been *Newspapers: An Endangered Species*, prepared by former Journalists Union national secretary Michael Conway.

Conway's reaearch, based on data showing a declining readership for dailiea over the past 15 years, projected the eventual eclipse by next century of the conventional newspaper, outmoded by new electronic technologies such as videotex.

The working paper, however, is accompanied by a lengthy rebuttal paper iasued by the Newspaper Publiahers Associatioo, which disputes the figures on readership levels and advertising projectiona, accusing Conway, the NPA's longtime foe acrosa the wage bargaining table, of undue subjectivity.

But while this is the most controveraial aspect of the CFF report, the overall "Network New Zealand" concept, glossily packaged in booklet form, is a combination of vision and vagueness.

The CFF'a policy research group offers an overall concept of a public "highway of the future" that will merge exiating and projected telecommunications and broadcasting functions into an integrated two-way information exchange system.

This "network" would essentially be based on optical fibre technology, replacing the present copper-wire based Post Office communications network, with the glass fibres offering the capability of carrying far more communications systems, including visual data, than conventional circuits.

Thia would be supplemented by a regional communications satellite serving the South Pacific, with the potential for direct domestic reception. Other land-baaed radio systems would supplement the network, helping allow for the widespread use of mobile multi-purpose communications terminals, within the reach of every individual.

The report examines varioua trends in communications technology, notably the various videotex systems now in the development atages, and projects an era when the optical fibre-satellite aystem will allow for a vaster array of radio and TV services, hopefully with a two-way "reactive" capability, electronic data supply and retrieval systema, in time allowing decentralisation of work activities back into the home.

Even Parliament could be run by MPa in video-telephone communications with each other from their own homes, the report suggests.

But, though couched in infuriatingly vague terms, the CFF's vision of communications at the turn of the century attempts to establish some basic policy principles to govern the implementation of these new technologiea.

In many ways the policy group argues for a aocialistic attitude towards controlling a future all-purpose communications network, yet atrikes out in other areas towards deregulation.

Eventually a full-scale Ministry of Transmission is envisioned, but in the short term the report favours the replacement of the existing Communications Advisory Council with a new body with wider powers, co-ordinating the Post Office and Broadcasting Tribunal forward planning.

The report does come down heavily for a form of state subsidisation that would ensure every person equal, basic access to the new integrated communications network. It urges the free supply of a basic unit — a videotelephone and keyboard — to all homes and an averaged-out charging system that would allow every subscriber a monthly quota of free calls nationally on the system.

The report argues for a "user pays" system on top of this, and recommends a liberalisation of present Post Office control over equipment linked into electronic telecommunications systems.

Aside from an overall "type approval", the CFF believes that users and suppliers of information systems should have greater freedom on the type of interfaces they can link into the network — the report uses the analogy of public highways with their variety of vehicle uses.

However, the report envisages potential dangers in setting up a single digital-based broadband communications network replacing conventional broadcasting and paper-based information exchange. The major danger would be in the increasing centralisation of control of on electronic system in fewer hands. Its proposed research body would be mandated to look closely at safeguards on privacy and the accountability of information providers, computer database and carrier aystem operators.

The commission comes out strongly for the establishment of "demonstration communities" similar in concept to those already set up in Canada and Japan, where the new technology could be introduced on an experimental level for working out rules to govern ownership, accessibility, control and cost of this new communications technology.

The adze column

STC's TV ad, vividy demonstrating with a concrete mixer the danger of not using an isolating transformer, ends with a devastating punchline: "If you don't use it when you're working, you're dead stupid." This observer now has a guilt complex that demands to be expiated.

* * *

ALTHOUGH the convention is that advertising for women's underwear must contain an element of seductive excitement, that for the men's department is generally dependably dull.

Holeproof's Manly press ad provides a turnaround in copy style that men will appreciate, as it deals with the crux of the matter. The headline is, "What every man should know about his underpants" which doesn't sound exactly like a *Penthouse* revelation, and the ad breaks out important subject headings such as good looks, construction, health, and comfort.

Under "freedom", it says, "for years we have been sold the concept of 'support'. The only time you really need support is on the football field or squash court. And that's as much to keep things out of harm's way as anything. A man needs room to move. That's a biological fact."

It becomes our candidate for the Quelle Delicatesse Award for Intimate Advertising.

* * *

"What we make we're proud of!"..."only the best to you..."

This TV commercial doesn't actually say, "You lucky people, you, being able to buy these wonderful products from Bullands", but it still presents a canonisation of cans and a blazonment of bottles. This corporate commercial discovers itself as the corpus delicious and lets you know, in an anthem of self-adulation. If only it didn't go on and on...

* * *

SLOGAN of the week prize goes to National's Eastern Maori candidate Charles Little, for his campaign effort of "Think Big and Vote Little."

* * *

THE full page print ad for "New English Muffins" waa almost a model of its kind. It told you what English muffins are and how you toast them. Then it provided interesting recipes for using muffins at breakfast and lunch and for snacks. All pukka material.

But it didn't say who made them. No fader, no mudder.

Every product needs the standing and authority that comes from responsible parentage.

* * *

THE word "personal" on the personally addressed grey foolscap envelope looks significant. Then the antique laid notepaper with a letterhead in flowing script "Private offer to existing investors with Broadlands" is impressive.

The word "private" appears again in the text of the letter and so do "personal" and "exclusive". And twice it says the offer "can only be accepted by existing investors with Broadlands."

It looks like you're being offered membership of a pretty exclusive club.

The offer, of a minimum interest rate that can rise but not be lowered over the five-year term, looks attractive enough without all this pizazz. And it would be fun to test an orthodox mailout against this perfumed approach.

Not that discreet and well directed flattery has ever gone amiss!

* * *

A BNZ Finance press ad with the headline "How to get more mileage from your bank" reminds us that metrication can never totally succeed. Anybody heard of "kilometreage"? Or "miss by a kilometre"? Or a "kilometrestone"?

* * *

IF you need a reason to avert your eyes from the box, Glad kitchen tidy liners will provide it for you. Who wants to look at stinking garbage? Aversion therapy in an advanced form.

PRRADS now annual

THE *Press Research Rate and Data System* is shortly to be published for the first time as an annual, additional to the weekly updated system. It will be a reprint of PRRADS as at Friday, September 18, next.

Although there will be no amendments provided during the year, subscribers will receive in loose-leaf form nearly 800 rate cards, covering all media.

"Although the ratea will gradually grow out of date until the next edition," said the bureau's chief executive, Malcolm Willoughby, "there are those who do not require the rates for media-planning but want reference to information, such aa deadlines, mechanical specifications, regular features, circulation breakdowna, which does not change."

Cash price for the annual is $200.

Almost by magic

THE simplest thing in the world is to take a clipping from a newspaper or magazine — provided you can find the scissors, or the blade of the scalpel isn't broken, or the razor blade doesn't cut through the next six pages or the pin you use as a last resort doesn't tear the paper raggedly in all directions.

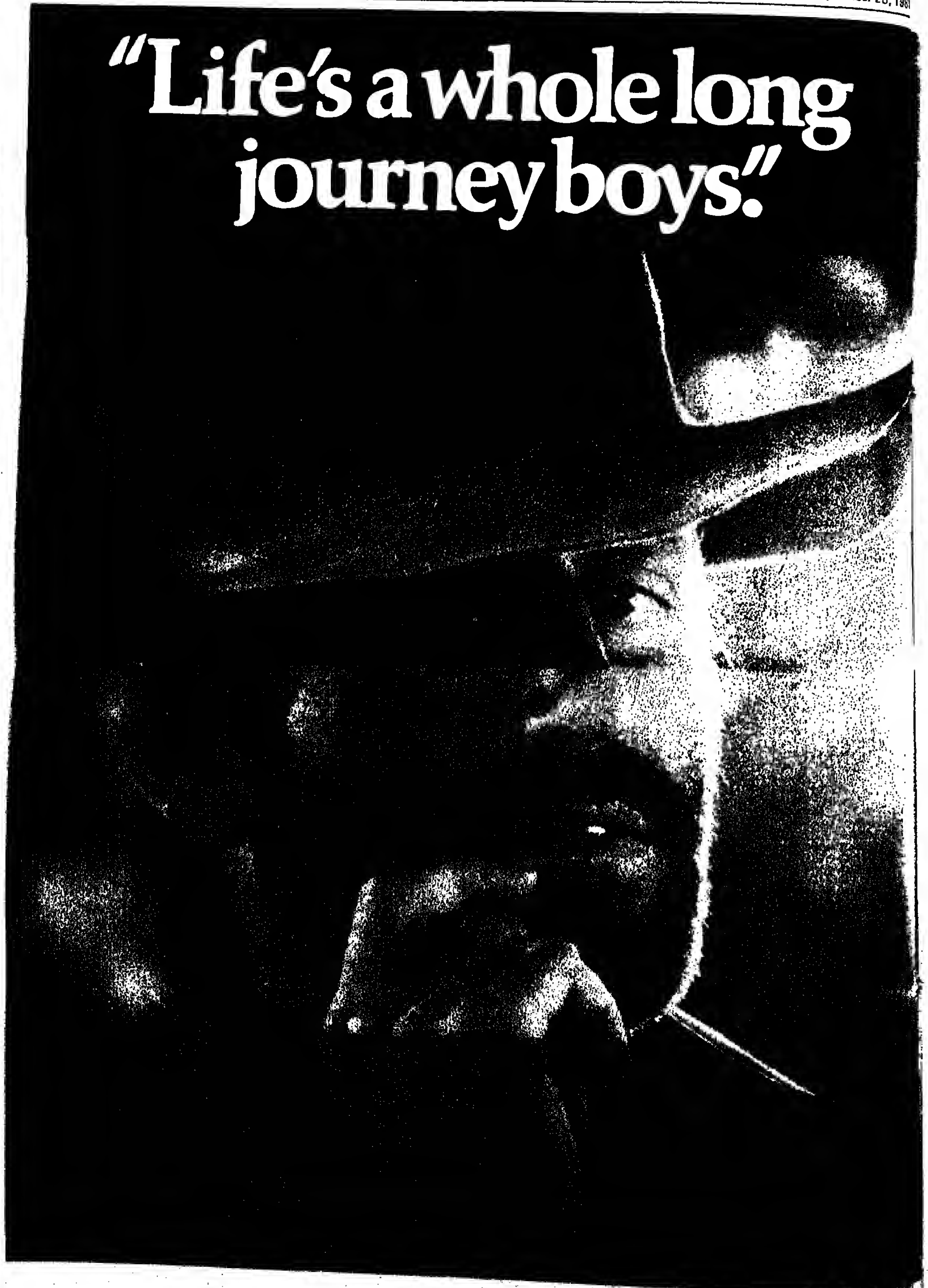
But with a brilliant gimmick called the "Magic Cutter" you can master the art of press cutting with surgical precision.

Embedded in one side of this 7cm piece of plastic is a honed blade which projects only between 0.10 and 0.12 of a millimetre.

It cuts the top sheet of a pad of paper without cutting the sheet below it, which makes for a snazzy parlour trick. And yet it won't cut your finger — which is more than you can say for a razor blade.

The minor drawback is that you can waste a lot of paper demonstrating the claim!

It's being marketed as an advertising novelty by the New Zealand agents, Press Research Bureau, and can be personalised on one or both sides in one or two colours.— **Grev Wiggs**



How Crunchie made the most of its gold claim.

Chocolate confectionery is a market with golden opportunities.

Step one is to detect the opportunity and its prospects. Logically, a strike should follow. Sadly, this is not always the case.

Making the big strike also requires precise, aggressive marketing and a pioneer spirit.

Cadburys chose Colenso to help work their claim. The result was an unprecedented Goldrush. A 313% increase in Crunchie bar sales over five years.

The Crunchie 'Goldrush' commercial is now a highlight of New Zealand advertising history.

Sure, it called for marketing courage on the client's part. It also proved its point conclusively. Brand leadership can be achieved by creating a unique, distinct personality.

Over the past decade Colenso have had more experience with high-calibre brand leaders than any other New Zealand agency. In fact 75% of our clients are brand leaders.

We invite you to visit Colenso and examine our track record. We'll show you a unique advertising philosophy that has helped some of New Zealand's most successful companies.

If your brands aren't making the big strike, perhaps you need Colenso working your claim.

Call Roger MacDonnell (Wgtn 843-789) or Gary Gwynne (Auck 771-529)

COLENSO
The agency for brand leadership

CA 3720

'Big Orange' rolls campaign south

by Sue McCauley

KERI fruit drinks are rolling south. Next month the Keri drinks, well-established in the Northland market, will be introduced to the rest of the top half of the North Island.

A marketing gimmick that has become a familiar feature of summer shows, fairs and festivals in the far North, should ensure that their arrival does not go unremarked — if only by motorists who happen to observe an eight-foot orange rolling along the highway.

The Big Orange — or Big O, as it is more chummily called in PR circles — is a mobile fibreglass creation, eight foot in diameter and mounted on a single axle trailer. In transit it's a dimpled, stalked, highly lacquered advertisement for Keri drinks. Stationary, it's a small but well-equipped booth for the dispensing of refreshments.

There are only two Big Os in existence but the manufacturer of Keri fruit drinks — the Bay of Islands Food Processing Company — envisages a crop of 14 identical Big Oranges eventually plying their trade within the company's extended marketing area.

This would be in keeping with the kind of expansion that has already taken place within the company's 18 months of existence.

The Bay of Islands Food Processing Company, a subsidiary of (and wholly owned by) the Bay of Islands Co-operative Dairy Company, was formed in March last year to replace the just-dissolved fruit juice manufacturing co-operative which had been operated jointly by the dairy company and a co-operative of Kerikeri orchardists.

The new company continued the existing range of Keri fruit drinks (orange, passion/orange, and grapefruit) and has introduced two new brands — *Keri Gold*, which is solely for the catering trade and is already being marketed in Auckland, and *Sunburst*, an "exclusive" 100 per cent pure fruit drink for absolute health purists.

"Health" is the key to the company's marketing confidence. Keri drinks claim 35 per cent real fruit juice at a competitive price. And today's consumers, says the company's marketing manager, Francis Buttle, are becoming increasingly aware of the "health factor".

"There's been a marked change away from traditional soft drinks. The Apple and Pear Marketing Board paved the way with its Fresh Up promotion; health-conscious consumers are providing an expanding market for 'healthy' products," he said.

Fruit drink processing is increasing, Buttle says, at about 50 per cent a year in value. These are national figures.

The Bay of Islands Food Processing Company's last annual value increase was 85 per cent. This year it expects to process 12 tonnes of fruit — for which it will have to look beyond local markets, at least for the oranges which provide about 80 per cent of its output.

The company has increased its independent distributors from three to 11, and its market expansion will be accompanied next month by TV advertising in the Auckland and Waikato regions.

It could be said that the company's choice of market manager was in itself a manifestation of the upbeat programme. Buttle, who joined B of I Food Processing last October, is an Englishman with an academic and business management background. After coming to New Zealand he spent three years as lecturer in marketing at Massey University.

Although the company, based in the freezing-works town of Moerewa, has only a small full-time staff it does provide casual seasonal work in job-starved Northland; and its plans to "export" out of the region put the company in an all-too-small group of Northland industries.

But "huge" transport costs meant that even at this stage consideration is being given to setting up a packaging centre in Auckland and carrying only the pure or concentrated fruit juice from Moerewa.

And as for those Big Oranges — the company doesn't plan to run a retailing sideline. The idea is to offer individual franchise for defined areas to people wishing to start small or part-time business. The franchise owner will buy a Big O from the company (a Whangarei boat builder made the first two) and agree to buy only the produce of the Bay of Islands Food Processing Company. He/she will then tow the mammoth orange to fairs, fetes, sports gatherings, beach resorts, galas and rock festivals.

Estimates made from the trading figures of the Far North's Big O show, Buttle says, a turnover of $28,000 in approximately 80 days of trading. That's allowing for the sale of 12,000 cups of drink a day. They have figures also for the sale of 15,000 cups a day, for 150 days...

The cost of the Big O franchise is still under consideration. The concept has raised a lot of public interest but as yet no eager Big O purchasers from the areas of planned operation. But it's expected that the TV campaign will stimulate interest down there where Keri is, as yet, just half a place name, and where free-wheeling fruit and vehicular vegetables are still in the realms of *Cinderella*.

Profits expert advised industry: 'back to basics'

by John Sloan

A WORLD authority on loss of profits insurance, Gordon Hickmott, co-author of the classic text *Principles and Practice of Profits Insurance*, is critical of insurers who have moved away from their traditional risk-taking role.

"Insurance is a service industry. Its development must be in line with meeting the needs of commerce and industry," he told a seminar sponsored by the Insurance Institute.

"In the short term, its aims have been misdirected by considerations of investment income and the over-preening belief that management should be more concerned with accountancy, administration, personnel and personnel relations, and statistical reviews, rather than the fundamental aspects of the business, namely, underwriting and claims service.

"In the long term it must revert to these matters," Hickmott claimed. "Otherwise general insurance will die from an over-indulgence in administrative costs and from lack of appreciation of the changing needs of industry resulting in the presentation of an out-dated unwanted product against newly developed non-insurance alternatives."

After delivering his broadside, Hickmott tempered his criticism: "I am an optimist in that I believe the true vocation of insurance will shine through the present cloud of misdirection."

Hickmott emphasised the basic benefits and obligations of the insurance system: A means of providing a known annual cost to replace the hazards of an unknown, unbudgeted, financial drain on resources from the unexpected; a sense of security, allowing business management to concentrate on the very real problems of their company; the price of insurance will be cost effective, reasonably constant and the administrative loading not unduly oppressive; the protection will be realistically widespread and not unduly limited; and that financial recompense when a claim arises will be quick and certain.

Businesses were reminded by Hickmott that risk and insurance management is basically internal. "The insured should be fully educated to accept that the problem and solution is his."

But Hickmott's expertise lies in the loss of profits field and he covered a series of topics which included:

- Although loss of profits insurance offers a wide protection there are certain uninsurable risks which can produce business interruption losses such as personal death, injury or accident to directors and/or employees;

Loss of market from numerous factors such as weather, change of fashion, obsoleteness of product, governmental restrictions, duties, import or export control; action by employees by withdrawal of labour; and new and more competitive products and methods of production.

And, although not aware of them, Hickmott could have added to the list of uninsurable losses, incidents such as the Australian kangaroo meat scandal, plus, closer to home, alleged flavouring of wine.

- Multi-nationals require overall loss of profits insurances because, by the very nature of their trading, they have to plan their operations to maximise benefits and loss of profits insurance must be arranged to provide "for the corporate whole".
- The spiralling costs of administering insurances forces insurers to strike a balance between "offering packet covers to standard small-type businesses with a saving in administration costs compared with arranging individual covers for the middle size insurance where such attention is cost-effective."
- Businesses must also plan in advance on how to cope with disasters and this involves establishing pre-arranged steps to be implemented following serious damage or disruption to their business.
- The development of new "extensions" in profits policies, especially overseas suppliers or customers; suppliers to suppliers or customers, home or overseas; maritime or aviation transit; and the provision for "advance profits" insurance for new businesses and ventures.

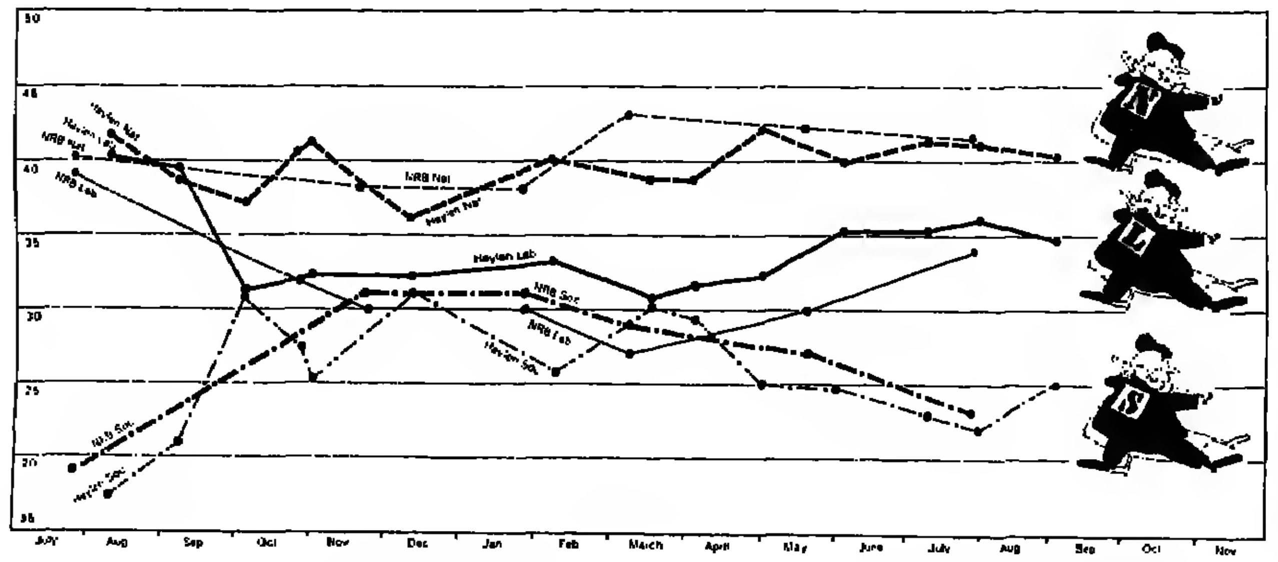
Many industry observers consider the New Zealand insurance market does not have too much to learn from overseas insurers. Hickmott recognised this when commenting on the wider protection provided by material damage type policies.

"In New Zealand you were the pioneers, I believe, of industrial all risks covers, so I cannot fault you in seeing the right approach," he said.

Hickmott also had a warning for insurers who offer restricted coverage to business. "If we offer only indemnity from events subject to exclusions we limit the value of our product to the business world . . . If what we offer is so limited that the likely events will be unprotected by insurance, we force the insured to consider other ways to provide for these contingencies.

"Then the insured will add the conventional risks to such schemes, as these will present lesser problems and expand the base of the other account. He will in fact only be tempted to insure these orthodox risks if he calculates the insurer's premium to be less than the costs of any self-insurance scheme."

Springtime — springboard for Socred bounceback



by Colin James

SO Social Credit has disappeared from sight, according to the Labour and National Parties?

Not so, says the Television New Zealand-Heylen poll, taken on September 5.

There is Social Credit, back up 3 points to 25 per cent. It said it was holding its support and the poll agrees. We said (*NBR*, September 7) we would be surprised if it did not go up, and we are not surprised.

The autumn-winter decline has ended. It is spring. And for each of the past four springs, Social Credit has gone up in the polls.

So far, at least judging by the September 5 poll, this spring is no exception.

And, for those who want to draw parallels, there is a fascinating — chilling for the other two parties — similarity with what happened in 1978.

At the end of August 1978, Social Credit stood at 11.4 per cent — its lowest point of the year.

One month later, after the conference had been held, Social Credit's support had jumped to 16.9 per cent.

Social Credit went on to win 16 per cent of the vote in the election.

This year the corresponding polls are being taken at different dates. There was no poll at the end of August before the Social Credit conference.

The poll corresponding closest in time to the 1978 end-August poll was taken this year after the conference on September 5.

It seems to take a few weeks for a fillip imparted from a conference or similar event to work through — so the poll taken on September 5 may not reflect the full impact of the conference in the way the 1978 end-September poll did.

In other words, the 1981 September 5 poll may be telling us much the same as the 1978 September 30 poll: that Social Credit is on target for its projected 26 per cent of the vote (16 per cent in 1978).

To get a better idea of whether that is the case, we will have to wait until the early October poll.

But in the meantime, the poll should give the main parties cause for thought.

National would stand to lose two to six seats to Social Credit if it achieved its 26 per cent.

But it looks as if it is still Labour that is losing the votes.

Labour dipped nearly 2 percentage points between August and September, whereas National dipped only 1 point. The gap, 4.9 per cent in August, jumped to 5.7 per cent in September.

Too much should not be read into this movement. It is well within the statistical margin of error and therefore does not mean much on its own.

But it has become a feature of Labour's Heylen support that it suffers more than National's when Social Credit's support goes up.

It happened after the East Coast Bays by-election last spring; it happened again in the autumn after the Tania Harris march; and on a mini-scale it has happened again this time.

There is a simple, logical reason for this. Social Credit's strength lies in the middle of the political spectrum. Its strongest recruiting ground is at the higher-income end of Labour's core support, for example, the better-paid manual worker.

Thus it is logical that when Social Credit expands, it should do so more at Labour's expense than at National's.

And remember that it is among this group of Labour supporters that are to be found the strongest tour supporters — and the tour was still continuing, when the poll was taken.

So there may be some comfort for Labour in that group when the tour wears off.

During this month Labour canvassers in the main cities have been reporting a big upsurge of support. Some normally sanguine Labourites have been allowing themselves to believe Labour will win easily in November.

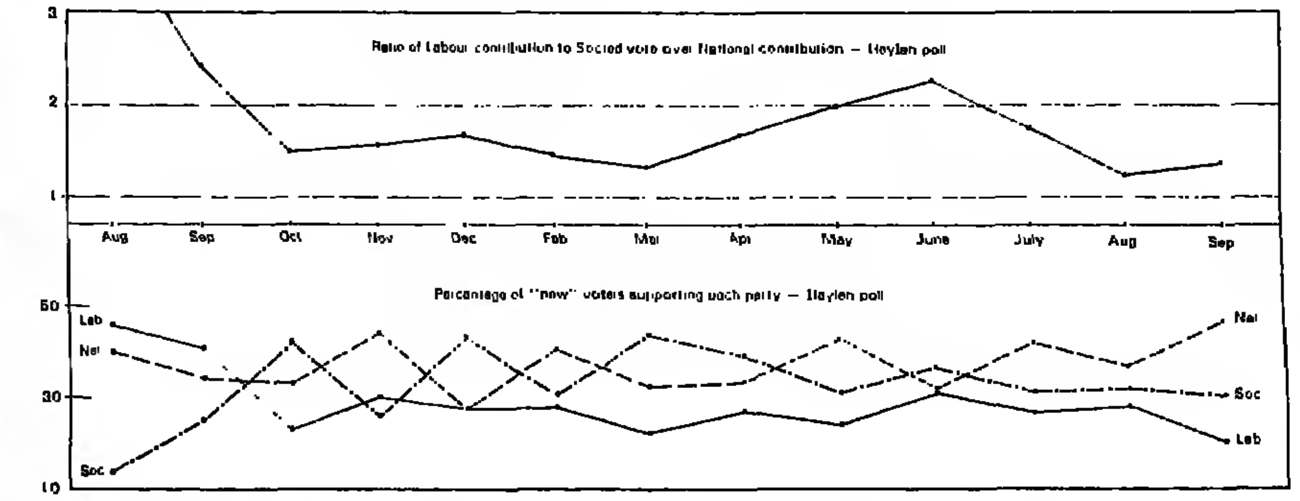
At nearly 6 per cent behind National at a point two and a half months before the election, this seems on the face of it unlikely.

But there are some straws of comfort for Labour in the wind.

For one, the gap between National and Labour is 2 points less now than at the corresponding time in 1978. Translated into an election result, 2 points better than 1978 would make Labour the Government.

For a second, there does seem to be a narrowing of the difference in the Social Credit take from National and Labour.

while Nats give Labour grey hairs over youth voters



From the top graph at right, it can be seen that Labour has contributed more to Social Credit's gains than National. The ratio has been 1.5 per cent or more for most of the past year (that is, Social Credit's gains from Labour have been one and a half — 1.5 — times its gains from National).

But in the past two polls the ratio has been below 1.5 per cent, predictably kicking upwards a little with the last Social Credit upsurge.

If that upward kick is sustained during a Social Credit rise (if there is one) over the next eight weeks, Labour would be in trouble.

But it may not. In 1978, during the election campaign there was a sudden switch in the Heylen poll to a bigger Social Credit take from National than from Labour. Social Credit canvassers found the same effect.

Thus Labour might hope for the same effect this time — or for a reversal of Social Credit's spring fillip.

However, there appears to be a deeper problem yet for Labour to overcome before it can talk with authority about "landslides" and "big majorities".

That is the youth vote.

The bottom part of the graph at right charts the three parties' take of the "new voters" — most of whom are those voting for the first time because they have only become old enough to vote since 1978.

At the far left of the graph is a glimpse of "normal" conditions — Labour doing best, followed by National, with Social Credit a distant third. Throughout the early part of 1980 (not shown) Labour disputed the lead among "new voters" with National, more often than not coming out on top.

(Since the figures are of rather small subsamples, National leads over Labour would be within the margin of error; the general view of Labour doing better than National in this group is sustained.)

But after the East Coast Bays by-election last year, interest in Labour seems to have collapsed among "new voters". Since then National and Social Credit have disputed the lead, with National gradually emerging as the consistent leader, Social Credit second and Labour a dismal third.

Still, once again there is some hope for Labour to be drawn from the 1978 experience.

Then for some months before the campaign, Labour trailed National in poll among "new voters". But by the poll taken one week before the election, Labour had swept ahead — and this was confirmed by the Heylen survey of how people had voted, taken a week after the election.

Much, therefore, seems to rest on what Labour can achieve over the two and a half months between the September 5 poll and the election.

There is hope for Labour to pick up some ground among younger voters as the tour wears off — young voters generally favoured the tour.

But scope for that pickup may be limited. Already by September 5 the tour seemed to be wearing off.

As the "most urgent problem", it had fallen back from the August 1 peak of 22 per cent to 13 per cent. It is safe to say that in another month it will have become a minor issue — though how much residual effect on voting it might have is not clear, nor will it be measurable from the poll.

Unemployment remained, even during the tour, clearly the most mentioned "most urgent problem", dipping only slightly below 40 per cent, and was back to 46 per cent on September 5. The economy, at 27 per cent, was also back to around the average for the year.

We don't know to what extent these issues are regarded as important enough to decide a respondent's vote. That is, the poll does not indicate the intensity of feeling a respondent has about the problem, or how directly the respondent relates to the problem. There is therefore no automatic relationship between problem ratings and likely voting behaviour.

But there is an unsettling sign for National. Since the spring, respondents have been feeling more pessimistic about the economic prospects over the next year.

The picture is slightly worse than three years ago. It may spell doubt in the electorate about the Government's performance, which should help one or both of the opposition parties.

But in any case, it is too early to make predictions. In 1978 and again before the East Coast Bays by-election polls taken up to a month before polling day gave no hint of the decisive shift in voting that was round the corner.

Is the surge that Labour is claiming to find in its canvassing of that subterranean variety? Maybe. If it is, we won't know until November 28.

First Australian 35-hour week battles already fought

by Ann Taylor

One suggested path out of the unemployment dilemma is to reduce the number of hours worked by an employee in a week and employ more people to take up the slack.

Earlier this month we described the arguments advanced in conciliation talks here. This week we examine the situation in Australia.

EMPLOYERS and unions, parties to the metal trades conciliation talks, have argued the controversial 35-hour week claim, echoing claims and counter-claims which have already been made in Australia.

While European unions are only now stepping up their push towards a 35-hour week to create more employment opportunities, the Australians did battle earlier this year.

Four thousand Australian workers walked off their jobs in March as the Federal Government mounted a campaign against the shorter week, after the Victorian Arbitration Commission found in favour of a 35-hour week at Altona's petrochemical complex.

Full-page newspaper advertisements offered relief from taxation and pressure to meet Government contracts to companies which resisted employees' attempts "to give up bad working habits for a shorter week" as a Government advocate put it.

But these moves to stop what he called "industrial blackmail" dissipated when Industrial Relations Minister Andrew Peacock resigned and the Arbitration Commission stated its reluctance to hear arguments on the 35-hour week based on productivity claims.

The union "victory" at Altona was won after prolonged strikes and lockouts.

The employers in the six companies then agreed to negotiate and a working party was set up to "investigate and identify the basis for reduction in hours and related costs and benefits to the employers and employees at Altona."

During the working party's investigation, there were to be no strikes, bans or other action by either side — an agreement which was breached when unions reacted to intervention by the National Employers.

On March 17, before a full bench of the Australian Arbitration and Conciliation Commission, a reduction in standard hours under guidelines laid down for productivity bargaining was ratified. The *quid pro quo* was that costs would be offset by improved work methods and increased efficiency and by award entitlements.

The commission agreed to the Altona complex deal because of the "negligible costs involved and the resultant improvement in industrial relations.

"Over the six companies as a group the gross cost of implementing a 35-hour week was stated to be $3,871,000, the agreed offsets were $3,837,000 leaving a net increased cost of $34,000, 0.18 per cent of the total wages of current employees," it said.

Once the offsets are operative "they must be maintained", and the companies and unions agreed to institute and abide by a disputes procedure to resolve industrial disputes.

Altona's nine-day fortnight was introduced on August 1. The transitional changes must be completed by February 1984.

Since March about 15 in-house or composite agreements have introduced a shorter week, metal trades workers have been the most successful.

None of these agreements has the required commission's ratification.

Stevedores, coal miners and oil industry workers have negotiated 35-hour weeks in Australia during the past decade. In all cases the commission's decision was made after protracted negotiations and agreements were struck, to include offset arrangements. But in each case it expressed reservations about the flow-on effect of the 35-hour week being granted in any one industry.

The Confederation of Australian Industry says past agreements "have taken place in capital-intensive, high productivity industries . . . with the consent of the parties."

Australian employers argue that the increased wage bill and additional costs — such as payroll tax, workers compensation, training and recruitment, would cost industry an extra $9 billion.

"There is no guarantee that this added cost will generate any additional output . . . The $9 billion will simply be the cost of recovering the productive time lost to industry should a 35-hour week become the national standard."

Production costs would increase, production would drop and the net inflow of foreign exchange will decrease is the basic thrust of their argument.

In turn that would lead to devaluation as consumers started buying cheaper overseas products, depleting foreign exchange reserves and "every Australian will be poorer".

In a survey of employers, the confederation found that employers would be more likely to increase overtime. And if extra jobs were generated, the people with the right skills to fill them would not be available.

Unions on both sides of the Tasman agree that overtime would have to be restricted to ensure that more people are employed.

The Australian Confederation of Trade Unions congress in Sydney three weeks ago dropped the emphasis on the 35-hour week in favour of co-ordinating a campaign for big pay rises — $10 to over $30 a week — for 6 million workers in all industries.

The campaign, which aims to "restore purchasing power lost since 1975" will operate within and outside the Arbitration Commission and industrial action will depend on how employers answer the claims.

Current of misgivings as 'sparkies' pull plug on 9.5%

by Ann Taylor

ELECTRICIANS sparked the first tentative row in the wage round when they settled at 10 per cent last week. They also eclipsed the metal trades award, the acknowledged leader in the wage round, when, after a 12-hour epic conciliation the 2000 represented by the union settled with their employers — electrical contractors.

The engineers, meantime, adjourned for two weeks when the 35-hour week debate got to the stage where heads needed to cool and stances needed reworking.

The electricians, who Labour Minister Jim Bolger fears "are already starting to move away from what's realistic, given the 5 per cent cost of living order", think their settlement was a fair one.

Bolger maintained that the employers had lost their nerve and made a concession which could only add to the wage price spiral. Electrical workers secretary Tony Neary maintains Bolger is just "undermining the system and his own department.

"You can't judge the system from outside. Any minister who does that is foolish."

Neary said it was a hard bargain because there had seemed no way of settling above 9.5 per cent in the morning of a long day's conciliation. He has "never regarded the 5 per cent as part of this round. The way inflation is going, after tax is taken off, wage-earners are going to be behind."

Neary is well-advised to be happy with his settlement. If the electricians had bargained a little harder and settled on, say, 12 per cent the Government might well have intervened and chopped it back to 9.5 per cent.

Employers Federation executive director Jim Rowe was extremely disappointed with the settlement. "We must now look to other employers and unions to show more responsibility. Senior employers advocate Max Bradford said he was "angry".

"We've done our sums and 5 to 7 per cent is enough to preserve real incomes . . . We are assuming some responsibility. The wage round is an integral part of sound economic management. Unless we get inflation down we won't solve the fundamental problems."

In part, he blames the settlement on Bolger and Prime Minister Rob Muldoon muttering about 10 per cent settlements being within the realm.

Electricians will now be paid more for their meals, running vehicles, staying on in the one job and holding trade certificates, when the award comes into force on October 15.

The electrical contractors also conceded an extra week's holiday after eight years' service — an indication, maybe, of the employers' sympathy with the concept of a shorter working life rather than a 35-hour week.

Engineers had also settled on a fourth week's holiday after eight years service before the conciliation proceedings broke up. They have agreed to:

- Extend coverage to welding and welders;
- Remove the requirement that workers be sick in five-day bursts or go off the full-time payroll;
- Take account of service-related benefits when apprentice or contract workers transfer to employment without a break in service.

Union claims for special holidays for long service, retirement, domestic and bereavement leave were discussed in conciliation. Employers advocate Peter Carroll took the line that "employers cannot be insurers for all the vicissitudes of life."

Engineers Union national secretary Ernie Ball maintained that "with the disintegration of the welfare state it is necessary to take these things back to the awards."

The changing nature of apprentice training was argued around a union claim for a qualification payment with Carroll saying "we've had apprentices for thousands of years, what has changed?"

"We're sick of doing it for free" came the response. "Not only do we have to take on the responsibility handed down by management, we also have to be on the lookout for safety."

Jim Rowe and Tony Neary . . . one unhappy, the other sticking to "fair bargain".

Carroll's argument that tradesmen used to "take it as a compliment, projecting themselves into the future" has changed because of a change in society which Ball described: "The young fella that used to do as he was told is no more; today he'd belt you round the ear if you asked him to fetch and carry."

The Engineers Union tabled its claim until October 6 (the award expires on October 11) when the employers reacted to claims for a 35-hour week with a sanctity clause which would effectively table those claims for a year.

During the currency of the award those claims could not be used by unions or employers.

Unionists argue that the clause would, in effect, stop them negotiating conditions higher than the award rates in in-house agreements.

Bradford argues that the clause "excludes wages which they can negotiate.

"If that clause is agreed to it doesn't change the present system of in-house bargaining. It's eminently reasonable to agree on the sanctity clause, otherwise there is no incentive for employers to go into negotiation," he said.

The Industrial Relations Act obliges unions and employers to conform to an agreement once it is struck. But an additional clause in the metal trades award would, according to Auckland Engineers Union secretary Jim Butterworth, be "an absolute guarantee without anything for us to look at."

The electricians introduced a sanctity clause into their awards back in 1970 when the award rate was $1.28 and the ruling rate $1.40. The inclusion of the clause was concomitant with the award rate being brought up to $1.40.

What the engineers claim is a deliberate ploy to cut out secondary bargaining in in-house agreements has not held the electricians back too much. A survey of 1980-81 rates showed the award rate was $5.33 and the ruling rate $5.96 — a difference of 11.8 per cent.

Missionary Malcolm Fraser picks up mana in Black

by John Draper

MALCOLM Fraser's missionary zeal is winning him and Australia respect and friendship in Africa.

Since his role as the "honest broker" bringing about the Lancaster House conference on Zimbabwe his stature with the Black Commonwealth has been growing.

Coincidentally, the stature of New Zealand — and Prime Minister Rob Muldoon — has waned.

Black Commonwealth leaders no longer trust the Muldoon Government since it broke the spirit, if not the letter, of the Gleneagles Agreement on sporting contacts with South Africa.

Muldoon may not care. Certainly his attitude and jibes about human rights in Africa in response to Commonwealth criticism of the Springbok rugby tour are being taken that way on the continent.

Commonwealth Africa's perceptions of the Muldoon and Fraser Governments contrast as sharply as the foreign policies of the two Australasian nations toward the African continent.

The National Government views New Zealand as a Pacific Basin nation. Aid, trade, diplomatic relations and defence pacts, according to its view, should be concentrated within the Pacific boundaries with due allowance for "traditional" relationships with Europe and the growing trade potential in the Middle East.

Africa is over the horizon.

Australia's view is wider. Across the Indian Ocean, Africa is Australia's neighbour in the same way as South America is New Zealond's across the South Pacific.

The Fraser Government considers Africa potentially the most important political bloc in the coming decades, a region that could reshape East-West relations.

Battle lines are already being drawn. Guerilla forces in Mozambique and Angola are being supported by South Africa, and many suspect the United Srares, with the aim at least of making the terrain difficult for South Africa's enemies to operate from.

South African troops are reported to be inside Zambia's south-west borders, putting further pressure on teetering President Kenneth Kaunda.

In the United Nations Black Africa, supported by the Caribbean states, is already a force to be reckoned with, controlling a third of the votes.

Economically, north of South Africa, the continent's wealth has barely been tapped. Mineral exploration is accelerating and plans are drawn to exploit the agricultural potential.

Against this background there is Fraser the missionary on a personal crusade against apartheid, Russian imperialism and the economic domination of the South by the North. At stake is world peace.

East-West and North-South issues are inextricably linked in Fraser's thinking. What happened — or did not happen — to one would have crucial implications for the other, he told the University of Carolina recently.

"There is no question of choice involved. As a matter of basic, rational self-interest they must both be attended to, and attended to urgently."

With one victory against apartheid — "We have opposed it (apartheid) vehemently and to some effect in Southern Africa where my Government recently played a significant part within the framework of the Commonwealth of Nations in resolving the Zimbabwe crisis" — Fraser is seeking to breath life into the dormant North-South debate.

Within the next few weeks there will be two opportunities to move the debate on; at the Commonwealth Heads of Government meeting in Melbourne next month and the North-South conference in Mexico late in the month.

Fraser has lobbied hard to get to the last meeting as chairman of the Commonwealth.

But even his friends in Africa have been unable to get him a place at the negotiating table, though he may yet be granted observer status.

So Fraser will be left with the Melbourne meeting to bridge the gap between North and South. Australia's own experience as a mineral and agricultural-based economy gives it an understanding of the problems now facing the under-developed third world nations, while its industrial sector and high income per capita puts it firmly among the industrially develped north.

With a foot in both camps Fraser wants to be the bridge. And it seems the African Commonwealth countries are prepared to use that bridge at the Melbourne summit.

Now that the Zimbabwe crisis which has dominated Commonwealth meetings since 1965 is past the African nations are keen for the focus to be shifted onto other issues. World recession and escalating oil prices through the late 1970s are bringing many poorer third world nations to their economic knees.

Yet without the third world economic recession in the North would have been much worse, as Fraser told the University of Carolina.

"Over the last decade a number of third world countries — the so-called newly industrialising countries — have sustained growth rates well in excess of those achieved by the rest of the world, including the West."

The World Bank's annual World Development Report said the 120 poor nations averaged annual growth of 5.1 per cent throughout the 1970s.

"In so far as this vigorous growth is maintained and extended to other third world countries, in so far as countries which are now clients are converted, through rising living standards, into customers and consumers the economies of the West will benefit," Fraser said.

"And in so far as this does not happen they will be impoverished."

The Brandt Commission, in drawing up its blueprint for survival in 1979, came to the same conclusion and pointed to the restrictive trading climate then emerging from the Tokyo round of multilateral trade negotiations of Gatt in Geneva.

"Protectionism threatens the future of the world economy and is inimical to the long-term interests of developing and developed countries alike," it said.

The commission also called for a five-year emergency programme because "we believe that the world cannot wait for the longer-term measures before embarking on an immediate action programme for the next five years to avert the most serious dangers, an interlocking programme which will require undertakings by all parties and also bring benefits to all."

Its principal elements would be:

- A large scale transfer of resources to developing countries;
- An international energy strategy;
- A global food programme;
- A start on major reforms in the international economic system.

On economic reform, Fraser is clear. Without it he sees the third world being driven increasingly towards the Soviet bloc for support.

"I emphatically reject the Marxist notion that the prosperity of the West depends on the impoverishment of the third world," he told his American university audience.

More than 70 per cent of third world trade is with the West.

"But it is a serious error to assume, as some do, that because of this — or for that matter because of substantial Opec investments in the West — the third world can be taken for granted, that in the last resort it has no option but to co-operate with the West on Western terms.

"The basic error here is to assume the primacy of economic rationality over politics, an assumption that runs counter to the fundamental experience and character of the third world.

"Those of us who fail to understand this force, do so only because we have forgotten our own history — because we have possessed freedom and independence for so long, have come to take them so much for granted, that we do not recall the passionate intensity of feeling they invoke when they are newly acquired."

That same force inspired Robert Mugabe and his guerilla forces against Ian Smith's white dominated hold on Rhodesia. It is the same force that is now firing the Pan African Congress of Azania and the African National Congress in the struggle to overturn apartheid in South Africa.

In Fraser's view the West should act in ways which minimise the need for third world countries to contemplate turning to the Soviet Union in order to get the aid and assistance they desperately need.

It should also act to ensure that third world perceptions of the East-West conflict are not of an ascending Soviet Union and declining West.

And thirdly, the West should do what it can to emphasise and show economic dimensions of third world affairs and development aspirations of the third world.

"For as long as the principal issues are economic the Soviet Union is not in the race as a competitor to the West."

On that platform Fraser will seek to break the North-South deadlock in Melbourne, seeking an accord that can be carried forward to the Mexican summit.

He will be determined to ensure that anger over the Springbok tour of New Zealand in the set opening speeches does not continue behind the closed conference doors.

The Africans are certainly angry. But Muldoon should be spared any emotional outbursts, because Zambia's President Kaunda — frightened to leave Lusaka in case he is ousted in his absence — and Nigeria's President Shehu Shagari are unlikely to be in Melbourne.

Kaunda is expected to use the Springbok tour as an excuse for "boycotting" the summit. However a reinforced Gleneagles Agreement will be on the agenda, at least at the weekend retreat, if not the formal sessions.

Tanzania, regarded as a moderate on South African sporting contacts among the African nations, will support an amendment requiring Commonwealth nations to withhold visas for South African sporting teams if necessary.

But even that is unlikely to save New Zealand being the subject of yet another sporting boycott. When Muldoon signed the Gleneagles Agreement following the Montreal Olympic boycott in 1976 because the All Blacks toured South Africa, the African nations were prepared to forgive.

No longer.

African Olympic and Commonwealth games associations were seeking an emergency session of the Commonwealth Games Association in Baden-Baden West Germany, last week with the sold purpose of devising a way of excluding New Zealand from the Brisbane games next year.

Invitations for the games have already been issued and accepted.

But, despite initial signs of accord, a boycott is still in the mind of the chairman of Tanzanian association, Mr Qubaga.

"I do not know how New Zealand is going to convince us that they are going to be good boys in the future," he said, asked what we could do to safeguard our place in Brisbane.

"Any change in policy by the New Zealand Government might be taken as a tactic to get to Brisbane.

"People are judged by their actions. How can New Zealand be trusted?"

Qubaga said his association recognised that opinion polls in New Zealand showed that there

Africa as fast as Muldoon burns his bridges

was a majority against the Springbok tour.

"But we have a Swahili saying — When elephants fight it is the grass that suffers."

"As much as we appreciate the efforts of the people (anti-tour protest has been given wide publicity in Africa) the stand of the Government has been hypocritical," he said.

"I do not know how New Zealand is going to convince us that they are going to be good boys in the future. Any change in policy might be taken as a tactic to get to Brisbane. People are judged by their actions. How can New Zealand be trusted? We have a Swahili saying — when elephants fight it is the grass that suffers" — Chairman of the Tanzanian Commonwealth Games Association Mr Qubaga.

The use of the army to give the police logistical support and the proposed granting of paid leave to civil servants to act as special constables to allow the tour to proceed has not gone unnoticed.

More agile minds link the Springbok tour directly to President Reagan's foreign policy. Spokesmen for the Pan Africanist Congress of Azania view the tour as a diversionary tactic with a two-fold aim:

The first would be to take world attention away from Namibia where the PAC expects the United States to attempt to impose a solution favourable to South Africa. Certainly the five nations involved in negotiating a formula for Namibian independence are expecting to find a solution before the end of the year that will be conditional on Cuba withdrawing its 20,000 troops from Angola.

The second aim in the PAC view is to get South Africa readmitted into the world community through sport. If, it contends, the Springbok tour had progressed smoothly, tours to Britain and France would have quickly followed.

But because of the adverse reaction in New Zealand such tours are now seen as unlikely. The anti-tour protest has been ammunition to the PAC cause — the overthrow of the Afrikaan government and an end to apartheid — focusing world attention on the tour and in the PAC view denying South Africa a propaganda victory.

The tour has done New Zealand little good in the world community unless one believes it was arranged in league with President Reagan's foreign policy.

According to one foreign diplomat in Africa it has created "a lot of bad blood" that is likely to spill far beyond the sporting arena.

Prime Minister Muldoon's "arrogant" reply to Tanzania's President Nyere on the Springbok tour issue has not helped.

Now New Zealand may find support and enthusiasm lacking when it needs goodwill in United Nations organisations and other world conferences.

Diplomats, not unexpectedly, are certain that the Springbok tour would never have been an issue if New Zealand had representatives based on the continent.

Australia has nine posts outside South Africa covering 23 nations.

With its own representation, it is contended, the National Government would have at least understood the African attitude towards sporting contacts with South Africa and African Governments the New Zealand position.

Now with the National Government supposedly cutting aid to Africa in response to anti-tour criticism, relations are worsening.

Not that aid is being cut in response to anti-tour criticism. The decision to terminate aid projects in Africa was taken by Cabinet in July 1980 and then conveyed to Tanzania, the only regular recipient. Last year it received $948,000 mainly in equipment and salaries.

Other government aid was "one-offs" — $262,000 to Zimbabwe for the Zimcord reconstruction programme and $30,000 to Uganda for assisting refugees. In the current financial year $360,000 has been allocated to all Africa, most again for Tanzania.

Australia's aid policy again differs markedly from the New Zealand effort. It pledged $A1.5 million to Zimcord, in addition to an $A18 million programme for 30 agricultural projects in Ghana, Zambia, Kenya and Tanzania. In April this year it pledged $A8 million in food and $A2 million in cash to the United Nations High Commissioner for Refugees for assistance to refugees in Africa. New Zealand pledged $200,000.

Australia also has given Uganda 4000 tonnes of flour to alleviate starvation caused by drought and Ethiopia 27,200 tonnes of wheat this year.

At least one United Nations' Food and Agriculture Organisation senior field officer views the New Zealand attitude as short-sighted. If New Zealand had continued its dairy projects there would have been an inevitable spin-off in machinery, equipment, livestock and seed sales, he said.

The Australians again outscore New Zealand. Though they have only one trade commissioner, based in Nairobi, he is said to be "worth his weight in gold several times over" for the amount of trade he drums up.

A trip through four East and central African nations by two senior Trade and Industry officers in 1979 foresaw few immediate opportunities.

Why is Australia more concerned with Africa than New Zealand? It is a question many Australians may be asking in abbreviated form. Fraser is now running down the path Whitlam once trod on foreign policy toward Africa and the third world.

The answer may be in an anecdote which its tellers are no longer sure is myth or fact. As an undergraduate at Oxford the young Malcolm Fraser is supposed to have shared lodgings with a West African student whose accounts of colonial rule in his homeland left a lasting impression on the future Australian premier.

Fraser . . . trying to contain anger over tour.

Schools not only application seen for Poly system

by Stephen Bell

WHILE the DFC has announced its intention of limiting the Poly processor to the educational market, Wellington Polytechnic's Neil Scott, one of the originators of the project, sees Poly in a broader market than schools.

Its robust construction, with a completely closed casing would make it ideal for on-the-spot training in factories and maintenance plants, he told *NBR*.

A worker faced with an intractable problem could go to the Poly, type a description of the fault and the machine could give an instont picrorial course on how to fix it.

The robust one-piece construction of the Poly was conceived primnrily to make it transportable between classrooms and prevent chalk-dust, chewing gum and bits of blotting paper — do schools still use blotting pnper? — finding their way inside the casing.

Not that there has been much evideuce of deliberate mishandling of existing school computer equipment by students; they tend to respect its sensitivity. But not all "personal" machines adapted to the classroom stand up well to being shifted about, Scott pointed out. Keys tend to jam on some models and orher mechanical problems develop.

But teachers found one of the most discouraging features of existing systems to be the "jargon" filling the manuals and screen disploys, Scott claimed.

This facror emerged as important in preliminary discussions with teachers when planning the system. The Poly interface with teacher and pupil was, therefore, designed to use straightforward English terms.

Another distinguishing feature of the existing systems was that they invoriably came in several bits — keyboard, processor, screen, disc unit, etc — which had to be laboriously plugged together by people unfamiliar with complex electronic gadgetry.

Scott was not maligning the intelligence of teachers, he added quickly, but some people simply had a "mental block" about technology of any kind.

The only assembly necessary with Poly is to attach each of the 10 or so processors in the "class set" to its neighbour and plug the end of the "chain" into the central administrative and disc storage processor.

But why was even this necessary, *NBR* asked. Why not several self-contained microprocessors with no plugs and leads between them?

Stand-alone ideas had been considered, said Scott, but program storage and loading was the crucial factor. A set of independent floppy discs would have added nbout $1000 to the cost of each processor.

The designers had toyed with the idea of a "ROM-pack"; n small semiconductor memory device with the programs permanently stored in it.

Each student would plug the pack into the back of his or her processor, wait for the program to be copied into internal memory then pass the pack to the next student. "But this proved a costly way of doing it," said Scott.

So the shared disc idea evolved, with the incidental effect of discouraging "sub-sets" of Poly. The network will, of course, function with fewer than 10 machines attached, but Scott disputes the usefulness of a small number of processors in a large class. "You have to reach a certain 'critical mass' for it to be effective as an educational tool."

This was another advantage of trying for Government sponsorship of Poly rather than of existing imported systems. If the latter course were adopted, the Government would doubtless try to expend as little of the taxpayers' money as possible with a minimal and unsatisfactory system.

The obvious solution would have been a "star" network, with all lines radiating from the central module to the processors. But this would have meant loss of flexibility, with a fixed number of central module sockets, as well as considerable under-use of the lines. So in the event, it was decided to "daisy chain" the Polys onto an effectively continuous line.

The line is, in effect, a "ring". When a message reaches the last Poly on the chain, it turns round and transmits back nlong the line to the central module. In that way the program information can flow continuously round the ring until all processors have all parts of the necessary program.

The system is completely electrically self-contained, but this does not prevent students attaching their own or school-supplied devices to the Poly. The interface for such gadgets is "optically isolated"; the electronic impulses are converted into light flashes, which traverse a short length of optic fibre and are re-converted on the other side.

Thus the "godget" has no direct electrical connection with the Poly and cannot damage its circuitry.

As on example, Scott showed a simple simulation of a programmed washing machine, operating under Poly control; a board equipped with lights and switches allowed the washing program to be set up and then showed it working.

No processor available here or overseas incorporated all the features of Poly, said Scott, and this had been established after a comprehensive survey of available equipment. "We took the best of everything," he told *NBR*.

The features of Poly show striking conformity with the picture of an ideal computer-aided education system painted by an acknowledged expert in the field, Jurg Nievergelt, of Zurich.

Many of the hardware features which had proved not possible to incorporate owing to timescale, current cost or state of the technology would be built in at a later date, some of them fairly soon, said Scott.

Work is going into speeding up the network transmission and there is a possibility of reducing the large size of the cabinet with new designs of circuit board.

There was a limit to size reduction, Scott admitted, because of the difficulty of heat dissipation without ventilation holes.

New hardware features could be readily incorporated as they became available at a reasonable price, because the structure of the machine was an abstract design, rather than being tied down to specific technology (*NBR*, September 21).

But the hardware, said Scott's deputy, Peter Briee, "is only there to keep the software off the floor." The educational programs are the system's main strength for school use.

Initial program ideas came from a group of about 30 teachers who were simply told "this is what the machine will be able to do; how would you use it?" Even at this early stage, a good deal of adventurous simulation programs emerged; students learning about some process in physics or geography by watching it happen on the colour display, at speeds not possible in reality.

It is naturally impossible to demonstrate the uplift of mountains in practice; the process is too slow. The path of a projectile, on the other hand, is too fast for a classful of pupils to see clearly.

With simulation, the projectile can move more slowly than under natural gravity and leave a convenient dotted line behind it.

This kind of learning program is a great improvement on the traditional page-turning "teaching machine", which asks questions periodically and forces the pupil to re-read several pages in the event of a wrong answer.

A teacher once described such aids aptly as "a depressing game of snakes and ladders — without the ladders."

There is naturally an element of this "page-turning" in the programs devised, but interestingly, a good deal of the revision is left up to the student — "if you did not understand, you may go back by pressing this key."

In the early trials of the machine at Tawa College, some students complained that the program did *not* allow them to revise material when they wanted to. The programs were now being written more flexibly from this point of view, Scott confirmed.

The keyboard of the machine has been redesigned to clarify certain confusions — for example between "page-turning" and cursor movement keys, both of which carried arrow symbols — and to eliminate strange instructions like "to go forward, press 'return'."

Writing of software has been undertaken by professional software developers on the basis of forms on which a teacher puts English instructions and draws in a box what is required on the display. Work is in progress on an "editor" program allowing teachers to develop their own software.

This naturally poses the problem of quality, but Scott compored the situation with that of book publishing. Part of a publisher's function was to clean up an author's style and suggest alternative ideas. There was no reason why a similar software publishing function could not emerge as a totally new local industry.

Poly would give many teachers the impetus to write the textbook they had always wanted to write, but never started, said Scott.

The software is also an exportable commodity, and Scott saw it possibly being transmitted directly to overseas markets by satellite.

Programs written for Poly were operable only on that machine, Scott acknowledged, and this had attracted criticism.

But the alternative — to write programs operable on most existing school equipment — would mean writing for a "lowest common denominator" of all systems and sacrificing the unique features of each machine, including Poly.

Modems for viewdata systems may be manufactured in New Zealand

WHILE the news is full of locally-built computers nnd locally developed software, some of the other vital components of the computer system which lend themselves to construction in New Zealand have perhaps been neglected.

Lncal manufacture of one such component has promise not only for the computer industry, but for the emerging viewdata home information system.

An important part of the link between most computers and distant terminals is the modem (modulator-demodulator), the small box of electronics which transforms computer output information into suitable form for transmission along a telephone line and converts it back at the other end.

Allied Industries, a subsidiary company of Fisher & Paykel, has begun manufacturing modems for Datacomm Equipment Ltd, under a licensing agreement from American company General Data Corporation (GDC).

The initial model will be an exact copy of the GDC modem, but, by making the equipment here, "we expect to achieve a significant saving in overseas funds . . . and to earn overseas funds when we sell the product abroad, said Datacomm manager Roger Quayle.

Datacomm is a subsidiary of bureau CBL, which is involved together with Allied Industries in one of the two consortia which plan to introduce viewdata services here when and if Government clearance emerges.

The present modems are clearly too bulky to form part of a viewdata set-up, but a modem of some kind is on essential part of the viewdata link, which also uses the telephone line.

Experience in modem manufacture will clearly prove very useful to Allied Industries when it comes to turning out viewdata sets. Ability to make some viewdata electronic components here is likely to reduce the price of the final product.

Quayle admitted that the GDC experience would prove "a useful learning curve" for manufacture of viewdata interfacing equipment and the idea was "in the back of our minds"; but it was not the primary reason for concluding the GDC agreement, he said.

Future modems coming out of the agreement could well be smaller and more easily incorporated in Viewdata sets, but Datacomm would not move into designing its own modems.

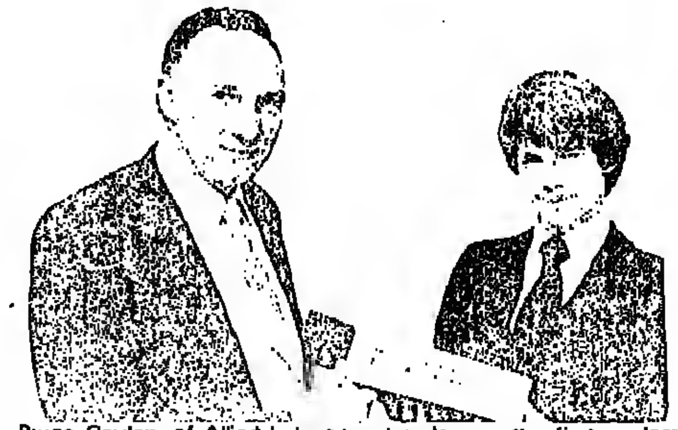
"A modem involves many man-years of design work," he told *NBR*. It would be sensible to stick with designs already done by GDC.

The first 20 home-built low-speed modems (1200 baud) have now emerged, and work is starting on 2400-baud models.

Chief potential export market will be Australia, and Datacomm aims to set up an Australinn office next year. This will deal in a wider range of equipment than modems, but Quayle was not yet prepared to go into details about other lines.

Production involves New Zealand's first use of a "semi-automatic" manufacturing process, which relieves the operator of the task of tracing where a component is placed on the circuit board.

The machine, designed and built by Allied's engineers, presents the component and lights up its correct location on the board, using fibre optics. The operators can give their full attention to wiring in the component properly.



Bruco Garden, of Allied Industries, hands over the first modem produced to Datacomm's Paul McQuinlan.

Management and computing — DATA PROCESSING

The bottleneck and the management/DP interface

THE computer industry has long acknowledged that the main obstruction to future advance in the use of electronic information processing is a "bottleneck" in program development.

Many of the hardware and software vendors are already deeply into consideration of this problem, and some of their candidate solutions have already been mentioned in these pages (*NBR*, July 20, September 21). But the subject obviously needs deeper and more broad-ranging examination.

While the cost of computing power continues to fall, mounting program development bills are an increasing cause of worry to the organisation which has itself "hooked" into computer power as a basic skeleton of its business.

The use of the computing resource must continue to grow, in the face of pressure from vendors to sell ever more equipment, and competitive pressure from the rival user company which has just bought the latest generation of equipment that might — just *might* — give it the competitive edge.

As consultant Ben Davis pointed out at the recent New Zealand Computer Society conference, electronic information processing is now no mere peripheral or supplement to the company's business operations; it has become an integral part of them.

If the business is to continue growing, therefore, it is impractical to call a temporary halt to the advance of information processing, simply to give the people — on whom systems development depends — time to catch up.

Technical approaches to the problem are all very well; some of them seem on the surface to give real hope of improved information systems "productivity" — whatever that means.

But it is pointless to accede to the "DP" department's requests for all the latest "productivity" aids, without first considering the "bottleneck" as a managerial problem.

Management, at the highest level, must decide what it wants from its information processing resource — a resource which also develops the tools to process the information — and where the obstacles lie to achieving that objective.

"Productivity" is in any case a double-edged sword. Cost and speed of production is always a compromise with quality. In the manufacture of most goods, "quality control" measures are rigidly applied, because there is likely to be a dissatisfied customer at the other end.

But the customers for information are within the company itself, and if they complain about the quality of the product, consequences are not so serious; we can always send the program back to be altered with no trouble.

That's where a good deal of the "maintenance" workload comes from. Maintenance is usually seen as making necessary changes to an information system to cope with changing conditions. But how much "maintenance" arises because the user has not defined the information requirements clearly enough, thinking that the product can always be sent back if it's not quite correct?

And it's maintenance work which supplies a good deal of that expanding programming load.

The trouble with communication between the user and the information processing department is that they see the problem from two sides. The user sees an information system from the point of view of how it relates to the company operation — a picture which includes possibly irrelevant aspects deriving from the shape of the company organisation and the direction of tasks; who tells whom to do what.

Information people tend to see it rather from an information flow and information structure perspective — which piece of information is related to which, who produces it and whom does it inform. A technical "DP" person of the old school has an ingrained picture of what bits of data go in which bucket.

Attention should therefore be given to establishing an intermediate vocabulary which would give people from both sides a ready comprehension of the system required.

Perhaps it is time to institute a separate "information management" function; a person who will act as the interface between the users and implementers of the system.

Partial takeover of information processing by the automated office could do much to relieve the "DP department's" workload. Coherent drawing together of business, office and information processing functions will do more.

But there is a hidden danger, as more than one management consultant has pointed out. Once management and users see clearly what they want and what they can get from a streamlined information department, demand is bound to go shooting up.

Improved performance could, paradoxically, make the bottleneck worse.

Throughout this article we have hinted at the unique dual role of the information department; as day-to-day processor of data and manufacturer of information, and as builder of the systems by which the information is processed.

Next week, we will explore this dual role in more detail, and look at the potentials for delegating one or other function.

Computer industry

Dunedin bureau doing its bit for Otago

DUNEDIN bureau Allied Computer Processors' acquisition of the largest Burroughs processor in the country is another healthy sign of the region's move into up-to-date technology, said Dunedin's mayor Cliff Skeggs.

A staunch champion of the Aramoana smelter development, Skeggs coupled this with ACP's major computer expansion as potential job-generators and magnets for technical expertise, which would lift Otago out of its image as a depressed area.

The take-on of the machine was also a sign of a healthy continuing role for the computer bureau, ACP general manager David Haig acknowledged.

The possibility for users to buy their own small in-house computers had sparked dire predictions of the death of the general-purpose bureau operation. Computer bureaux were told they had to specialise in a narrow range of applications in order to survive.

But ACP has continued to support clients ranging from accountants to motor parts suppliers. With a small user community like Dunedin, "we can't afford to specialise," Haig told *NBR*.

As for users getting their own machines, "I can name three accountants who did that and now they've come back to us," said Haig.

They could buy the computer power, but the expert support and advice necessary to back it up was harder to come by.

ACP has 48 "very senior staff", with an average experience of 11 years in DP, said Haig. A good proportion of these had come in from customer sites, bringing commercial expertise.

Length of service within the bureau itself is also impressive. In an industry where staff stay at one company for as little as 18 months, ACP staff average seven years.

Haig sees both the wide spread of applications areas and the bureau's continual moves into new hardware as contributory factors in his good staff record. People move on because they want change, he said. "We give them progress in the one company."

If a bureau doesn't progress in its use of technology, it loses clients and doesn't regain them, said ACP's Ken Camp. Offering of on-line terminal services is one essential move for the modern bureau. "You can't survive nowadays with a pure batch service."

The choice between bureau and in-house equipment is largely a matter of cost, and it is therefore essential that a bureau "pitches its cost right, and doesn't try to make millions," said Haig. High charges had been the real reason for the demise or poor fortune of many bureau operations.

ACP is an unusual operation stemming in 1965 from a co-operative venture of accountants Barr, Burgess & Stewart and Hutchinson Hull. Both are still customers of the company, along with eight other firms which account for the major part of ACP's processing.

The upgrade to the Burroughs 6900 — from a much smaller 2800 machine — will supply power for an ambitious on-line network being set up by major shareholder client, the Otago Savings Bank.

The network will eventually provide more than 100 intelligent terminals to tellers in the bank's branches throughout the lower half of the South Island.

Only "two or three weeks" after the installation of the machine the bank had 17 of its terminals already up for training purposes, said OSB director Alan Fleury, also chairman of ACP.

The official "handover" of the machine was made the occasion for a lunch to celebrate Burroughs' 50 years of business in New Zealand — 50 years which have seen the company progress from a totally mechanical to a totally electronic line of data processing equipment.

Echoing Skeggs' technology theme, Burroughs general manager Hugo Simpson sought to allay fears of a job-eroding "new technology" and called on Government to reduce the financial penalties against the adoption of computer-based solutions.

"There have been far more jobs lost because companies have gone out of business through *not* using high technology."

AWA plans sales push for Microdata range

STRENGTHENED marketing links with manufacturer Microdata are expected to help AWA to launch a powerful local sales offensive for a newly expanded Microdata range.

Microdata's latest powerful "minicomputer", code-named Sequoia, is to be launched at the Info Show in New York next month.

From a hardware perspective, it gives Microdata a massive boost in storage capacity and terminal support, with a move up from the 8-bit-word organisation of its Reality machines directly to 32-bit words on the Sequoia.

Most of the "big names" of the mini industry have by now moved up into 32-bits, but have usually passed through the intermediate 16-bit stage.

The new architecture will particularly allow Microdata to catch up a long lag on Prime, which has been using Microdata's database-centred operating system in its Information series of machines.

Microdata has had the advantage of a direct implementation of this software, which greatly eases the setting up of a flexible information system.

Prime has had to put it on top of its own operating system, Primos. But ironically, Microdata has not been able to compete with its own software at the powerful 32-bit end of the range, said visiting Microdata sales support director Dirk Ilsink.

"Sequoia" would give it that competition.

The machine would not appear under that name when released, said Ilsink. Quite apart from the fact that virtually all computers nowadays have numbers, the name "Sequoia" had already been trademarked by another manufacturer.

On the local front, AWA is well and truly into its boom period in Auckland, with 19 or 20 machines sold in the past year. In Wellington, local director Ron Knox acknowledged, the company was still meeting that initial resistance which greets any unfamiliar item of computer equipment.

"The time you really appreciate Reality is when you're upgrading," said Knox. The high-level user interface made the move to a larger machine that much easier. "That's when word gets around, and other local companies start showing interest."

Microdata made one of the early moves into "very-high-level" software, with a language audaciously called English.

Virtually a simplified business English vocabulary, it allows business people to set up their own programs for simple inquiry, reporting and updating of information in the database, without the services of programmers; a contribution to breaking the software "bottleneck".

With the coming generation, Microdata is to go further in this direction, said Ilsink.

Another software product will be released alongside the new generation of machines, to allow more complex applications to be written by those unschooled in the mysteries of programming and systems analysis. Ilsink was not prepared to give details at this stage.

The main purpose of his visit to New Zealand and Australia is to strengthen marketing channels between the two companies, particularly regarding local applications software needs.

Here again, the "vertical market" software philosophy emerges. Microdata wants local distributors of its equipment to communicate the local needs for particular applications programs "and then we'll go out and get the software packages to fill that need — or develop them," said Ilsink.

It seems, however, that the locals have already anticipated some of the needs here which Microdata is offering to supply.

The proverbial market for manufacturing software is already being attacked with software jointly developed by Australian software house Martin Systems and local firm Genasys.

There are strong links between Genasys, AWA and on-line bureau OBM, which occupies the same building as AWA.

The advertising industry, seen as another promising base by Microdata, has already been attacked by OBM with a package called Admax.

But at least one immediately promising area remains; and one particularly pertinent to New Zealand — the oil exploration industry. AWA is looking with great interest at a Microdata package in this field.